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ABSTRACT

California student financial aid policy, trends in financial aid, and specific state-funded financial aid programs in California are discussed. State policy and planning prior to 1975 and developments in state policy in 1975 and in the early and mid-1980s are considered. Trends in financial aid from 1973-1984 to 1984-1985 are addressed, including increases in loans, declines in federal aid, increases in institutional aid, increases in state aid, and revenue differences among institutions. The following state-funded programs are covered: California State Scholarships (Cal Grant A), Graduate Fellowships, the Educational Opportunity Program, California Educational Opportunity Grants (Cal Grant B), Occupational Educational and Training Grants (Cal Grant C), Bilingual Teacher Training Grants, State University Grants, Board Financial Assistance Program, and Assumption Program of Loans for Education. Also considered are issues concerning institutionally funded aid and graduate student aid. Appendices include: recommendations of the 1980 Student Financial Aid Policy Study Group, recommendations to the legislature in response to Assembly Concurrent Resolution 81, and brief descriptions of financial aid legislation proposed during the 1985-1986 session of the California Legislature. (SW)

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STUDENT FINANCIAL AID IN CALIFORNIA

Student Aid Application for California
School Year 1985-86

Warning: If you use this form to establish eligibility for federal student aid and you purposely give false or misleading information on this form, you may get a $10,000 fine, a prison sentence, or both.

Section A—Student's Information

1. Student's name — Last / First / M.I.
2. Student's permanent mailing address (See instructions for question 5 for state abbreviation.) Mail will be sent to this address. — Number, street, and apartment number; City / State / Zip code
3. Student's social security number
4. Student's date of birth — Month / Day / Year

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Background

This is one of two background papers prepared as part of a study of financial aid policy issues in California undertaken during 1986 by the California Postsecondary Education Commission. The other background paper focuses on the purposes of financial aid and its effectiveness in achieving these purposes. These papers will culminate in a summary report on issues and policy options for financial aid in California on which the Commission is scheduled to act in October 1986.

This paper presents a five-part overview of financial aid programs in California.

- Part One on pages 1-8 describes the evolution of State policy on all forms of financial aid, and describes the current law on purposes and priorities for financial aid.

- Part Two on pages 9-16 traces expenditure trends for financial aid for all students (undergraduate and graduate) and from all sources of funds over the period 1973-74 to 1984-85.

- Part Three on pages 17-20 summarizes the development of all State-funded financial aid programs in California.

- Part Four on pages 21-27 provides a summary of institutionally funded aid at the University of California and California's independent colleges and universities.

- Part Five on pages 29-34 concludes the paper with details about graduate financial aid in California's two public universities and about the major differences between graduate and undergraduate aid programs.

Additional copies of this paper may be obtained from the Publications Office of the Commission. Further information about the paper may be obtained from Suzanne Ness, the public information officer of the Commission, at (916) 322-0145.

STUDENT FINANCIAL AID IN CALIFORNIA

The First of Two Background Papers on Student Financial Aid Issues and Options Prepared for the California Postsecondary Education Commission

June 1986

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
Third Floor • 1020 Twelfth Street • Sacramento, California 95814

COMMISSION REPORT 86-15
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1 State Policy for Financial Aid

HISTORICALLY, California has suffered a hiatus between its postsecondary education planning and its financial aid programming. Until the last decade, its long and distinguished history of statewide planning and coordination for postsecondary education has been noteworthy for its silence about financial aid. Three major reasons appear to be responsible:

- First, statewide policy and planning for postsecondary education in California has overwhelmingly focused on planning for *public* postsecondary education. The subject of private postsecondary education -- whether "independent" or proprietary -- has rarely been mentioned, largely because the State Constitution prohibits direct State support of private institutions under Article IX, Section 8, as does Article XVI, Section 3. Thus, the issue of how to plan for private postsecondary education has not been a high priority.

- Second, the issue of access for California students to public postsecondary education has consistently been couched in terms of low student fees and not in terms of overall pricing of postsecondary education. Because the focus of access was on keeping *charges* low, the issue of financial aid to pay for the other costs of education was never discussed seriously.* California began to move away from this policy of low charges in the late 1970s, when the combined effects of the tax-cutting movement and extreme inflation forced major increases in student fees in public four-year institutions. At the same time, subsistence costs in California -- driven largely by an extraordinary increase in housing costs -- rose even faster. The net effect of the changes in the late 1970s and early 1980s has been to draw attention at last to the role of financial aid in guaranteeing access to *public* postsecondary education.

- Third, State financial aid policies and current law tend to focus on State-funded programs that are managed by the Student Aid Commission. Although these programs are unquestionably pivotal in the array of financial aid in the State (for example, they are the only State budget items that directly go to pay for students attending independent or proprietary institutions), they constitute only three-fourths of all State-funded aid programs, and State-funded aid in turn constitutes less than 10 percent of all student aid in California. Thus, the State fails to define its policy priorities for federally funded aid, for institutionally funded aid, and for private loan aid. The implicit policy priority has been "the more, the better," whether it was federal, institutional, or private aid. How all of these sources of funds fit together to meet the needs of all of California's postsecondary students has never been evaluated systematically.

* California has a long history of referring to user charges for the *indirect* costs of education as "fees," and charges to pay for the costs of *instruction* as "tuition." Under this definition and current State law, resident students at the State's two public universities cannot be charged tuition, while those at Community Colleges are. The Commission has commented on the rationale for this policy and of what activities can be paid for through student fees in a number of its reports, and the issue will therefore be avoided assidously throughout this paper.

State policy and planning prior to 1975

Until 1968, the subject of student financial aid -- either as a source of indirect support for independent colleges and universities or as a means of ensuring access to students in the public sector -- was not a priority of higher education planning in California. The State's first major planning efforts after World War II -- the Strayer Committee report of 1948 and the McConnell Committee report of 1955 -- concentrated on whether and how much to expand the number of public institutions to meet the educational needs of a growing population.

The Strayer Committee recommended that if the State were unable to build enough campuses to accommodate all demand, it should establish a subsistence scholarship program to pay for awards of $750 a year each for undergraduates at public institutions, and $1,000 a year for graduate and professional students at the University of California. Although the State Board of Education approved this recommendation, the Regents of the University took no action, and it was never implemented in statute.

In 1957, Semans and Holy mentioned the subject of private postsecondary education briefly in a report for the Liaison Committee of the University of California and the California State Department of Education, where they stated the general principle that "extension of publicly supported institutions to the degree that continued operation of private ones long in existence and seemingly serving the community well is jeopardized, *is not in the public interest*" (p.vi, emphasis in the original). They reiterated the earlier recommendation of the Strayer Committee for a State scholarship program, and also recommended that it serve both public and private institutions, on the grounds that it would take pressure off demand for new public institutions and help equalize educational opportunity. The program was to have the following characteristics:

1. The grants would be need-based, would not exceed $600 each, and would be made to legal residents of California for use at either public or private institutions;

2. Grants would be made only to students of exceptional promise and would be for no more than four years and subject to annual renewal;

3. Because of the great shortage of teachers in the State, 40 percent of the total number of awards were to be given to students preparing to teach; and

4. The individual governing boards were to be responsible for planning and administering the program.

Once again, the recommendations were not implemented.

In 1960, the "Donahue Act" -- the statutory underpinning for the Master Plan that survives to this day -- articulated the principle of differentiation of function among the public segments, but it did not refer to financial aid or private higher education. (Evidently, the private sector was excluded from the study at its own request.)

The first explicit attention to financial aid as a postsecondary education policy tool and planning issue came in the 1968 report, *The Academic State*, by the Legislature's Joint Committee on Higher Education. In its report, the Joint Committee discussed financial aid in the general context of planning for *both* public and private postsecondary education. The committee debated the arguments for and against a constitutional amendment to allow for direct State support for private institutions, and also concerned itself with the issue of student tuition and fees in the public segments. It concluded that a strong, centrally managed State financial aid system was critical *both* to the survival of the private sector and to guarantee access for all students to the public sector. Accordingly, it recommended an expanded State scholarship program that would include the dual policy priorities of maintaining freedom of choice for students wishing to attend private institutions and the removal of economic barriers for students wishing to attend public institutions. It also recommended expansion of special admission programs for academically underprepared students, and it concluded that arguments in favor of charging tuition were "of insufficient relevance and merit to justify a departure from the state's historic policy regarding tuition" (p. ix).

In its final report, *The Challenge of Achievement* (Evans, 1968), the Joint Committee's staff recommended that financial aid programs be centrally administered by a newly created "superboard" that would replace all existing public governing boards, the Coordinating Council for Higher Education, and the State Scholarship and Loan Commission. While the Legislature subsequently rejected the "superboard" concept, the Joint Committee's recommendations regarding financial aid, access, and tuition and fees all survived into policy.

In 1969, the Legislature created an independent commission to explore and develop an agenda for a major revision of the Constitution. This Constitutional Reform Commission picked up the theme from the earlier legislative efforts to amend the Constitution to allow for direct State support of private institutions. In 1970, pursuant to this recommendation, Assemblyman W. Craig Biddle introduced a bill to amend the Constitution to allow the Legislature to directly appropriate aid to nonprofit institutions of higher education, but only for nonsectarian, educational public purposes. The bill, which had the enthusiastic support of the Association of Independent California Colleges and Universities, passed the Assembly but failed passage in the Senate by one vote.

In 1973, the Joint Committee on the Master Plan undertook the next (and, prior to the current review, the last) formal legislative planning effort for postsecondary education. It embraced the policy principles defined in 1968, and went beyond them in articulating a statement of broad goals for California postsecondary education; but once again, the subject

of financial aid was not on the list.

1975: Assembly Bill 1031

Partly in response to an infusion of federal financial aid in the form of Basic Educational Opportunity Grant programs, but also in response to growing uneasiness with the fragmentation of financial aid, the Legislature systematically overhauled and rewrote the State Scholarship Program in 1975 with legislation that set forth policy priorities for, program components of, and the administrative provisions for student aid in California. This bill (Assembly Bill 1031, Chapter 1270, Statutes of 1975) was authored by Assemblyman John Vasconcellos, chair of the Assembly Subcommittee on Postsecondary Education. The bill, which continues to form the core of State law on student aid to this day,* stated the purposes of financial aid as follows:

(a) Student assistance programs have the primary purpose of providing equal opportunity and access to postsecondary education for persons of both sexes, and all races, ancestries, incomes, ages, and geographies in California;

(b) Student aid programs should enhance the ability of individuals to choose the most appropriate postsecondary educational opportunity and among different institutions;

(c) Student aid programs should assist students to progress through the educational program in accordance with the individual's educational objectives;

(d) Student aid programs should provide assistance to individuals who desire to enroll in an independent college or university;

(e) Student aid programs should furthermore complement more general statewide goals for public postsecondary education;

(f) State purposes regarding student aid programs should complement the purposes of federal student assistance programs so as to enhance the effectiveness of state programs; the State's purposes mentioned above serve to enhance the purposes of the Federal Basic Educational Opportunity Grant Program [now the Pell Grant Program].

Thus, the State's top policy priority for student aid was to be equal opportunity and access, with lesser priority assigned to student choice of the most appropriate institution and assistance for students wishing to attend independent institutions.**

Without belaboring the point, five provisions that one might expect to find as explicit priorities are simply not mentioned: (1) merit or scholarship as a top priority for any student aid program; (2) the reduction of manpower shortages as a general objective for student aid programs; (3) student aid as an indirect form of support for independent colleges and universities; (4) "packaging" of aid as a policy objective; or (5) oversight of the administration and delivery of aid as a component of effective financial aid programs.

AB 1031 consolidated the existing State Scholarship Program, the California Educational Opportunity Grant Program, and the Occupational Educational and Training Grant Program into a single California State Grant Program, while preserving the essential features of the earlier programs in separate *Education Code* sections -- the State Scholarship Program in Section A, the Educational Opportunity Grant Program in Section B, and the Occupational Educational and Training Grant Program in Section C -- thus giving the programs their commonly known titles of Cal Grants A, B and C.

*Although the quality of historical information from the California Legislature is generally poor, a remarkably complete record exists about the debate surrounding AB 1031 that gives insight into the Legislature's intent regarding the purposes and priorities of student aid. The California Legislature has a history of being a strong author legislature, rather than a strong committee or a strong party legislature, as Rosenthal (1983) has noted. Several thousand separate bills -- many on the same subject area -- are introduced in each biennial session. It is a rare occurrence for omnibus legislation to be introduced as a "committee bill" that encompasses a broad subject area. However, AB 1031 came as close as any to being such a bill. There was considerable debate about the general subject matter before Assemblyman Vasconcellos introduced it, and he made an effort (albeit unsuccessful, since the bill moved on split votes all the way through) to build consensus about its major provisions.

**The issue of the meaning of the terms "access," "choice," and "merit" as they apply to the purposes of financial aid programs are commented extensively on in the literature on financial aid and thus the discussion will not be repeated here. However, one clarifying point should be made: it is self-evident that most financial aid programs -- regardless of their stated objectives or priorities -- accomplish many different priorities simultaneously. The issue of program objectives is thus one of legislative direction and stated priorities, and not necessarily one of program accomplishment.

It further specified that these grant programs were to be administered by a "California Student Aid Commission," reconstituted from the existing State Scholarship and Loan Commission by adding two student members and a secondary school representative. It required that in order to qualify for financial aid, students must attend institutions that were eligible to receive federal Basic Educational Opportunity Grant funds. It mandated a single application form for federal and State aid, known as the *Student Aid Application Form for California*. And it assigned the Student Aid Commission the responsibility of managing all statewide student aid programs in California, evaluating the effectiveness of all State-funded student aid programs, reporting on aggregate unmet financial need of students seeking access to postsecondary education, disseminating information about all student aid programs to students statewide, and serving as loan guarantee agency for the federal Guaranteed Student Loan Program. (The record of debate on AB 1031 shows absolutely no comment or controversy about the Guaranteed Student Loan Program. The two pages devoted to it, out of all 32 pages in the bill, were not amended in committee, and appear to have engendered no debate. The subject was clearly not a top policy priority for either the Legislature or the postsecondary education community.)

As the bill was first introduced, part-time students were not to be discriminated against in eligibility for State aid, and awards were to be distributed based on the percentage of time that the student was enrolled in a postsecondary institution. Part-time students were to be eligible to receive aid for up to eight years. The order of distributing Cal Grant A awards for tuition and fees would have been changed from that of merit to that of need. The number of new awards would have been tripled, and the future number of new awards would have been set at an amount equal to 4.25 percent of the number of the previous year's high school graduates.

The bill's provisions for part-time students and the changed distribution system for Cal Grant A awards were both opposed by the University of California and the Association of Independent California Colleges and Universities (AICCU). They were able to obtain amendments to define "part-time" students as students attending more than half-time, to restrict students' eligibility to no more than four years, and to protect the scholastic merit component as the rationing mechanism for Cal Grant A. The AICCU also got an amendment to add "choice" to the list of priorities for financial aid. They were unable, however, to get support for an amendment to restrict eligibility for participation to institutions accredited by the Western Association of Schools and Colleges rather than the federal standard of institutional eligibility for Basic Educational Opportunity Grant funds. Assemblyman Vasconcellos believed that students choosing to pursue vocational courses at proprietary institutions should be able to compete for financial aid, and he ultimately prevailed on this point.

Because of concern about the effect of the legislation on the financial health of the independent colleges and universities, Assemblyman Vasconcellos carried a separate piece of legislation amending the California Postsecondary Education Commission (CPEC) section of the *Code*. This legislation, which became law as Section 66014.5 of the *Education Code* and which remains in effect to this day, states,

> The Legislature finds and declares that there is a great need of providing students with a true economic or academic choice in selecting a college or university they wish to attend. The Legislature further finds that this need shall be met by offering students financial assistance who wish to attend public or independent colleges and universities and who have demonstrated financial need.

The bill called for CPEC to conduct a comprehensive study of State subsidy of and State policy priorities for independent colleges and universities. The appropriation to pay for the costs of the study was vetoed by the Governor and, although a study of the financial condition of independent colleges and universities was done, the comprehensive study called for in the bill was never carried out.

Finally, the AICCU persuaded another author to carry legislation to increase the maximum Cal Grant A award to $2,900. This bill was passed and signed into law; however, its provisions were superseded by AB 1031, which was passed and signed subsequently.

In summary, the 1975 legislation represents a hodgepodge of compromises between competing segmental interests for financial aid priorities, with the independent colleges and universities wanting to maximize State funds for "choice" and scholastic merit and key factions within the Legislature wanting to protect access of low-income students to public

institutions. Although one of the bills that was signed into law states quite clearly that the top legislative priority is for equal access, the compromises that were necessary to get the bill through are reflected in language describing the policy objectives for financial aid that is so vague and sweeping that arguably financial aid dollars are supposed to pay for competing and, to some extent, internally inconsistent priorities. The law also specifies that State financial aid funds are to be spent to further the purposes of federal financial aid, without any legal clue as to what those purposes might be. This last priority has generally been interpreted to mean that State funds should supplement and not supplant federal funds.

Although the essential features of the 1975 legislation remain fundamentally unaltered to this day, several changes have been made in the law since then.

- In 1977, under legislation sponsored by the University of California Student Lobby and carried by Assemblymember Willie Brown, a student's "financial independence" for purposes of qualifying for financial aid was statutorily defined to mean not being claimed as an exemption for tax purposes by one's parents for the year in which aid is requested and three years prior. This standard for independence is thus more restrictive than the current federal standard.

- In 1980, the Cal Grant A "cap" on new awards of 4.25 percent of the number of the previous year's high school graduates was eliminated. Since that time, the number of new awards has increased gradually each year, and in 1984-85, equaled 6.1 percent of the previous year's high school graduates.

- Also in 1980, the standard for institutional participation in Student Aid Commission programs from institutional eligibility for BEOG funds was changed to BEOG participation plus participation in two of the federal government's three campus-based programs -- National Direct Student Loans, Supplemental Educational Opportunity Grants, or College Work/Study.

1980: Student Financial Aid Policy Group

The first major statewide policy effort specifically on the topic of student financial aid came in 1978, when the Legislature asked that the subject be studied systematically. Supplemental Language to the 1978-79 budget stated:

> The California Student Aid Commission and the California Postsecondary Education Commission shall jointly appoint a student financial aid policy study group to review student financial aid policies and goals and to report to the Legislature no later than December 30, 1979, and that the study include, but not be limited to four major issues: (1) how best to fulfill the purposes of student financial aid?, (2) what is the appropriate level of funding and methods of distribution for student aid?, (3) what are the responsibilities of the different funding agencies; specifically, federal, state, institutional and private?, and (4) how can the federal, state, institutional private organization and student partnership best be implemented in the State of California?

The report of the Student Financial Aid Policy Study Group that responded to this request was issued in March 1980. The 34 recommendations of the report fall into the following categories: (1) the purposes of student aid; (2) the administration of student aid; (3) the structure of State aid programs; and (4) ways to evaluate the integrity, fairness, and effectiveness of student aid programs. (A summary of these recommendations appears as Appendix A to this report.)

It is a curious and, perhaps, telling fact about student aid in California that these recommendations evidently fell upon deaf ears. The reasons for the stalemate are many, but there seem to be three recurring themes:

1. *Lack of consensus about program consolidation*

One of the major recommendations of the Student Financial Aid Policy Study Group was to consolidate two of the existing State financial aid programs -- Cal Grant A and B -- into a single program. The first of these programs historically had served a large number of students attending private institutions, while the second had historically served a large number of Community College students. The combined fears of these two segments about a loss in resources served to kill the recommendation.

2. *Lack of evidence of a crisis in financial aid*

Although the Legislature asked for the policy study, there is no evidence that student aid was in a crisis

state. The California Legislature, like most other representative bodies, is most likely to contemplate program and policy changes in periods of expansion of resources (when decisions are made to add programs to serve new constituencies), or in periods where there is a crisis brought about by lack of resources, when decisions about priorities have to be made. In 1980, there was no clear evidence of a fiscal crisis in financial aid. To the contrary, there were more programs with more money in financial aid than at any time in the State's history.

3. *Administrative and policy problems with the Student Aid Commission*

A number of the recommendations of the policy group focused on the Student Aid Commission and its ability to provide policy direction and resource management for student aid in California. In general, the recommendations were to strengthen that body's capabilities in both areas. With some exceptions, these recommendations were not carried out. The difficulty once again seems to have been a combination of lack of consensus about the direction the Commission should take and inability to carry out the recommendations in areas where consensus existed.

4. *Concern about the federal "floor"*

A key recommendation of the study group was that State-funded financial aid should supplement and not supplant federal aid, and that all efforts to maximize the federal base should go before supplementary State funding. Changes in State-funded programs would thus be made with an assumed stable and growing base of federal support. This recommendation came at roughly the same time that federal financial aid programs were first threatened with severe reductions, threats that have continued on an annual basis since that time. The inability to plan for federal aid programs as a "base" for State-funded aid thus short-circuited attempts to stabilize and plan for student aid.

5. *Worry about State Proposition 9*

Another factor contributing to the demise of the study group was Proposition 9 on the June 1980 ballot, a proposition that would have reduced income tax revenues by 50 percent. Since the program restructuring called for by the study group would have caused a redistribution of resources among the segments, a substantial increase in State funds was needed so that all segments would be held harmless. The concern about inadequate State resources helped to contribute to the shelving of the study group's recommendations.

Since the 1980 study, the policy and program stalemate in financial aid in California has continued. Most of the Legislature's attention to financial aid since that time has come in the form of criticisms of the Student Aid Commission. These criticisms have taken many forms, including punitive budget language, frustrations with Commission management, and concern about the growing student-loan default rate.

- In 1981, the Legislature required the Student Aid Commission to make explicit and public the criteria and procedures used to determine eligibility for Cal Grant awards. The report was to include procedures and criteria used to determine parental- and other family-income limitations, the maximum grant amount, the number of new awards, and allowable student budgets. This legislation was the result of concern that annual upward adjustments to the income ceiling for eligibility for Cal Grant A had the effect of discriminating against poor families by ensuring eligibility for higher-income students who, because they were likely to have better grades, consequently got most of the awards.

- In 1982, the Student Aid Commission was again reconstituted, this time by removing the appointment authority for the members of the Commission from the Speaker and the Senate Rules Committee, and instead making the eleven appointments gubernatorial, subject only to Senate Rules Committee confirmation. As the appointments rotated, the Student Aid Commission thus became a representative body totally dominated by the executive branch.

- In 1984, legislative frustrations with the Student Aid Commission reached a peak, and the Legislature asked for a management review of the Commission -- a review that helped lead in 1985 to a number of management changes at the Commission.

1982-83: Assembly Concurrent Resolution 81

California's historic policy of no tuition and low student fees at public institutions was increasingly

challenged in the aftermath of Proposition 13. In 1978-79, revenues from student charges were first used to prevent program reductions at the University of California when $5 million in Educational Fees were used to offset a $15 million budget reduction. The California State University and the Community Colleges did not have the ability to similarly raise fees to offset program reductions, and so these latter two segments had to reduce programs.

In 1981, the State's surplus was gone entirely, and program reductions at both the University and the State University forced the Legislature to increase charges to students. (Again, there were continuing program reductions but no student fees allowed in the Community Colleges.) During 1981, the Governor impounded 2 percent of all State-agency funds in the middle of the year, causing additional cuts for the University and the State University (the Community Colleges are not classified as a State agency). Again, both institutions reacted to the cuts with mid-year increases in student fees.

In 1982, the Legislature asked the California Postsecondary Education Commission to "study the impact of student charges on access to public postsecondary education," and to recommend State policy to the Governor and the Legislature on the following topics:

1. The appropriate relationship between individual and public levels of financial support for postsecondary education;

2. Which costs of institutional operations are appropriately borne by students, and what proportion of the expenditures for these operations should be financed by student charges;

3. The impact of student charges upon each public segment's ability to realize its role and mission in the California Master Plan for Higher Education; and

4. The appropriate distribution of student financial aid among all needy California postsecondary students.

In the Commission's first report, issued in April 1982, it included ten separate recommendations about student tuition and fee charges and financial aid. (The text of ACR 81 and the Commission's recommendations from this first report are reproduced in Appendix B.) For the purposes of this history, the most pertinent recommendations included a finding that, if the choice facing the State were one of curtailing enrollments, reducing quality, or increasing student charges, then student charges should be increased and financial aid provided to offset the effect of the increase.

The methodology for determining how much financial aid was required was to be similar for all public segments. In general, the principles of ACR 81 were accepted by the Legislature, and the resulting formula used to calculate need for financial aid has been used for the public segments since then. The result of the implication of the policy has been to increase State funds for *institutional* financial aid, however, and not for Cal Grant programs. In Phase II of the ACR 81 Task Force, the issue of increases in Cal Grant funding associated with fee increases was addressed. The Task Force recommended that "beginning in 1983-84, the State should appropriate sufficient funding to the SAC to fund maximum awards from the Commission at the same constant dollar level that was in effect in 1981-82." This recommendation was not implemented. Thus, the net effect of the ACR 81 policy was to move financial aid policy forward with respect to access to public institutions only, without equal progress on the issue of financial aid relative to choice to attend a private institution.

The current debate: Assembly Bill 559 and other proposals

The tensions of competing priorities for financial aid between the public and private sectors in California have continued since 1982. Since that time, the fires of crisis have been fueled considerably by a protracted and still-unresolved proposal by the Governor to introduce mandatory statewide student fees in the Community Colleges. (A fee of $100 was accepted by the Legislature on the condition that the fee was to be temporary, and that the impact of the fee on access to the Colleges was to be studied. The issue is due to resurface in the Legislature in 1986.)

The Community College fee issue has been accompanied by a general softness in enrollment demand brought about by a decline in the number of high school graduates, the result of which has been sharpen competition for students. Both phenomena have occurred at a time when student dependence on loans to pay for the costs of education has reached an all-time high, as noted in the Commission's 1985 report, *Mortgaging a Generation*. The combined ef-

fect of these different forces has been to put the issue of student aid -- in particular, State funding for student aid -- very high on the list of priorities for the Governor and the Legislature.

In 1985 and 1986, the Governor and the Legislature have increased funding for the Cal Grant programs by close to 20 percent. At the same time, there has been an unprecedented number of legislative proposals related to State-funded student aid programs: At last count, 21 separate pieces of legislation on the topic had been introduced. (A list of all of the student aid legislation introduced during the 1985-86 session is included as Appendix C.)

These proposals have several themes: (1) increased use of loan-forgiveness programs to stimulate enrollments in areas of high manpower priority, such as engineers or public school teachers; (2) increased use of State funds for student work-study programs as an alternative to loans and also to help stimulate student exposure to and involvement in their institutions; and (3) changes in the Cal Grant programs to increase accessibility of funds to low-income and Community College students.

Chief among this last category is a proposal by the Speaker of the Assembly to change the eligibility for and the method of distributing awards under Cal Grant A and to increase the number of awards given to low-income students who are likely to attend a Community College (AB 559). As of this writing, the bill is still being debated and is subject to further amendment. However, the essential features of the bill are remarkably similar to many of the provisions of AB 1031 (1975), which would have distributed awards based on need rather than on merit. Also, the objections to the changed distribution system, like those to the earlier measure, have come largely from the independent colleges and universities and the University of California. Although the specifics have changed, the difficulty of designing a student aid program to meet the needs of very different student constituencies has clearly continued.

2 *Trends in Financial Aid, 1973-74 to 1984-85*

THE 12-year period from 1973-74 to 1984-85 saw an enormous change in spending for financial aid in California. In actual dollars, overall expenditures grew from $410 million to $1.4 billion; in constant dollars, the growth was close to 48 percent. (By way of context, total undergraduate enrollments in California increased by 44 percent, and total graduate enrollments by 41 percent.)

To show how student aid expenditures have changed over these dozen years by source of revenue and type of award, the following pages provide information about trends in financial aid in California from 1973-74 to 1984-85.

Several facts about the statistical analysis that follows deserve note here:

• *Years displayed:* Fiscal Year 1973-74 was selected as the base year because it is near the beginning of the federal need-based BEOG/Pell Grant program and predates the 1975 rewriting of California law on financial aid. Fiscal Year 1984-85 is used as the final year because it is the most recent year for which uniform expenditure information is available. Although the information on the following pages covers only these two "snapshot" years, data on the intervening years were evaluated to ensure that no serious distortions resulted from this decision.

• *Source of data:* The source of data in virtually all cases is the California Student Aid Commission, which has collected facts from all of the segments on all student financial aid expenditures during this time. In 1973-74, the Student Aid Commission collected data about California's independent institutions through a *census* survey of member institutions of the Association of Independent California Colleges and Universities, whereas its 1984-85 information on these institutions is from a *sample* survey. To make data for both years comparable, the Association adjusted the 1984-85 figures for its member institutions with information collected through the Higher Education General Information Survey (HEGIS). This resulted in an increase of close to 30 percent in reported institutional financial aid expenditures. All of the segments had the opportunity to correct these figures, so some of these data may differ slightly from those that have appeared in other reports on financial aid.

The only known anomaly that continues to exist in these data is expenditures for aid for Veteran's Benefits (the G.I. Bill) and Social Security benefits for 1973-74. It is not possible to determine the extent to which intersegmental differences in the reporting of these data continue to distort trend analyses.

• *Scope of analysis:* The statistical displays show expenditures by segment of postsecondary education; unfortunately, information is not available to allow analyses by such student characteristics as income, ethnicity, grade-point average, major, credit load, or number of units completed. Detailed segmental-expenditure data on which these tables are based appear in Displays 25 through 30 in Appendix D on pages 42-47 below.

• *Classification of Guaranteed Student Loan funds:* For the purposes of this analysis, all Guaranteed Student Loan funds are classified as "other" revenues rather than as federal revenues, since banks rather than federal tax appropriations are the source of these funds. The huge growth in expenditures from "other" funds are thus from increases in Guaranteed Student Loans.

• *Expenditure information is for all kinds of aid, to all kinds of students.* Unfortunately, information does not exist that disaggregates aid expenditures by the type of student receiving the aid -- for example, by level of enrollment (lower division, upper division, or graduate), or type of student (academic, transfer, vocational, professional, or graduate academic). Some information that does not rely on trend data has been obtained on graduate financial aid programs in California, and those data appear in Chapter Four.

• *Differences in enrollment data between 1973-74 and 1984-85:* In order to interpret the expenditure

DISPLAY 1 *Enrollment in California Postsecondary Education, 1973-74 and 1984-85*

Level and Segment	1973-74		1984-85		Percent Increase	
Undergraduate	Full-Time		Half-Time or More			
California Community Colleges	303,070		452,521		+ 49%	
The California State University	162,052		227,106		+ 40	
University of California	80,602		103,396		+ 28	
Independent Colleges and Universities	64,856		93,798		+ 45	
Proprietary Institutions	N.A.		N.A.		N.A.	
Total Undergraduate Enrollment	610,580		827,821		+ 44%	
Graduate	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
The California State University	16,991	46,512	14,261	44,905	- 16.1%	- 3.5%
University of California	23,185	1,597	28,818	1,723	+ 24.3	+ 7.9
Independent Colleges and Universities	37,149*		42,786	44,275	+134.3*	
Total Graduate Student Enrollment	125,434*		176,768*		+41*	
Total Enrollment	736,014		1,004,589		+36%	

* Both full-time and part-time students.

Note: As mentioned in the text, figures for 1973-74 for undergraduates are for full-time students only, whereas 1984-85 enrollments for the three public segments are for students enrolled for half-time or more.

Source: California Postsecondary Education Commission and California Student Aid Commission.

DISPLAY 2 *Mandatory Undergraduate Student Charges in California Higher Education, 1973-74 and 1984-85*

Segment	1973-1974	1984-1985	Change Amount	Change Percentage
California Community Colleges	$ 0	$ 100	+ $ 100	N.A.
The California State University	138	612	+ 474	+343%
University of California	620	1,245	+ 625	+101
Independent Colleges and Universities	2,200	6,042	+ 3,842	+175
Proprietary Institutions	N.A.	N.A.	N.A.	N.A.

Note: Public segment charges are mandatory systemwide charges to resident undergraduates only. Information on average tuition and fees in independent institutions is based on surveys of member institutions of the Association of Independent California Colleges and Universities conducted for the Student Aid Commission.

Source: *Analysis of the Budget Bill*, Office of the Legislative Analyst, 1974-75 and 1985-86.

information on later pages, Displays 1 and 2 on page 10 place these expenditures in the context of enrollment and fee trends in California postsecondary education. The enrollment statistics for 1973-74 differ, however, from those in 1984-85. Data for 1973-74 for undergraduate students are available only for students enrolled full time and not for those enrolled between half time and full time, whereas 1984-85 information for the public segments includes students enrolled half time or more. (The number of students enrolled between half time and full time in California's independent colleges and universities and proprietary institutions is not available for either year.) Graduate enrollment information for both years in the public segments is for full-time/part-time students, since information does not exist for the "more-than-full-time" category. The use of only full-time students in 1973-74 understates public enrollments in that year by an unknown amount and thus inflates the percentage increase for the public segments and for all undergraduates.

Enrollments are not, of course, the only factor influencing expenditures for financial aid, since need for aid grows with increases in student charges as well as with increases in the cost of living. Student tuition and mandatory fees charged to California undergraduates in 1973-74 and 1984-85 are shown in Display 2 on page 10.

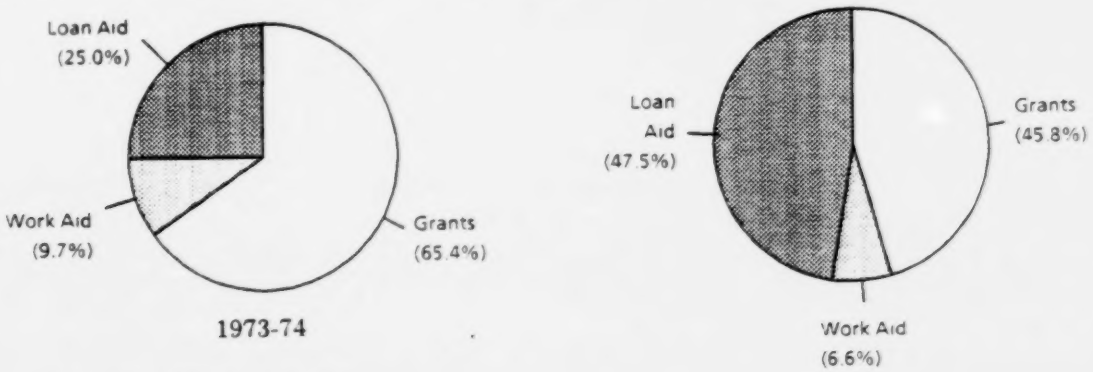
Increases in loans

The most dramatic change in the financial aid picture over this period is the enormous increase in the dependence of students on loans to help pay for the costs of education. Virtually all of this increase is accounted for by the increased availability of Guaranteed Student Loans, a trend which has been commented on extensively elsewhere in the literature. While loans constituted close to one-quarter of all student aid financing in 1973-74, by 1985-85 almost half of all student aid was in the form of loans, as Display 3 below shows.

Although dependence on loans has increased throughout postsecondary education, the shift has been greatest for students enrolled in Community Colleges and proprietary schools, followed closely by the State University, as shown in Display 4 at the top of page 12. Although loan financing increased as well for students in the independent colleges and universities and the University of California, federal and institutional grants available at these institutions provided a greater cushion against reliance on loans, as shown by Display 5 on page 12.

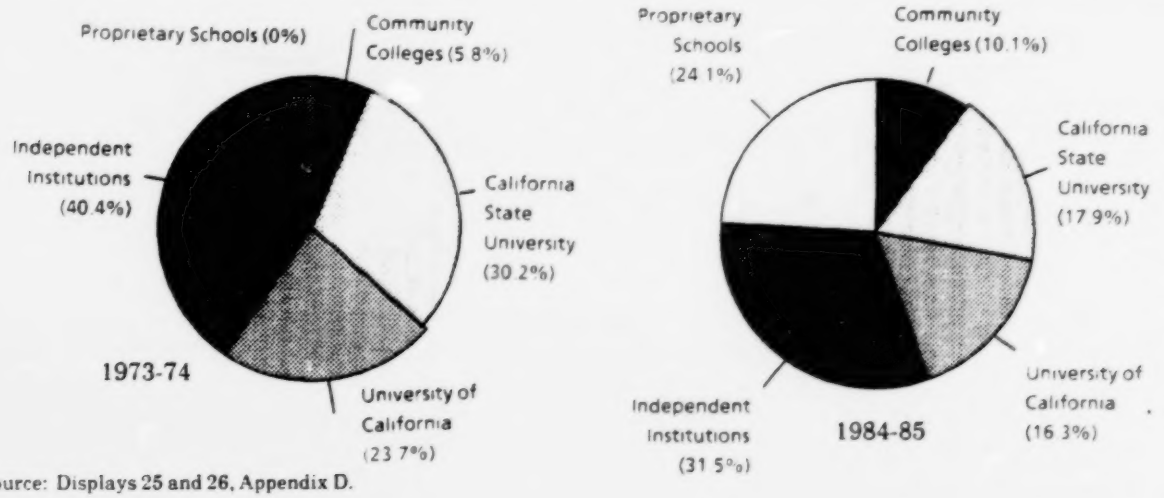
Unfortunately, the policy rationale for increased loan funding, as well as the educational and economic implications of such a funding pattern, appear to have been largely ignored: The funds were available, and California students took advantage of them.

DISPLAY 3 Percentage of Financial Aid by Type of Award, 1973-74 and 1984-85



Source: Displays 25 and 26, Appendix D.

DISPLAY 4 *Percentage of Loan Funds by Segment of Postsecondary Education, 1973-74 and 1984-85*



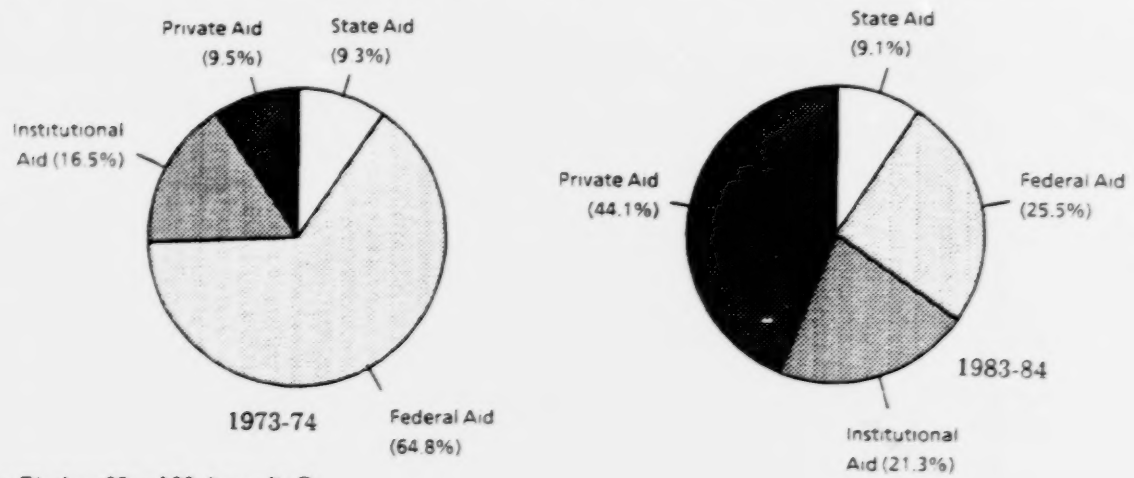
Source: Displays 25 and 26, Appendix D.

DISPLAY 5 *Percentage Changes in Spending for Financial Aid by Type of Award and Segment of Postsecondary Education Between 1973-74 and 1984-85*

Segment	Grants	Loans	Work/Study
California Community Colleges	- 31.4%	+ 28.9%	+ 2.6%
The California State University	- 21.4	+ 23.3	- 1.9
University of California	- 6.8	+ 9.5	- 3.2
Independent Colleges and Universities	- 10.8	+ 11.9	- 1.1
Proprietary Institutions	- 68.5	+ 67.8	+ 0.7
All Institutions	- 19.5	+ 67.8	- 3.1

Source: Displays 25 and 26, Appendix D.

DISPLAY 6 *Sources of Revenue for Student Aid for All Segments, 1973-74 and 1984-85*



Source: Displays 25 and 26, Appendix D.

DISPLAY 7 Financial Aid in Current and Constant 1984-85 Dollars, 1973-74 and 1984-85, in Thousands of Dollars

	1973-74		1984-85	Percent Change in
	Current Dollars	Constant Dollars	Dollars	Constant 1984 Dollars
State Funds	$ 38,226	$ 90,213	$131,697	+ 46%
Federal Funds	266,810	629,750	366,904	- 71
Institutional Funds	67,630	159,626	306,062	+ 92
Private Funds	37,831	89,292	633,642	+ 610

Note: Based on 1967 as 100, 1973-74 dollars have been converted into 1984-85 constant dollars using the California Consumer Price Index (CPI), which was 136 in 1973-74, and 321.7 in 1984-85.

Source: Expenditure figures are from Displays 25 and 26 in Appendix D. CPI figures are from the Financial Research Section of the Department of Finance.

Declines in federal aid

Federal financial aid went through several transformations during this period, from the elimination of the Veterans Benefits (GI Bill) program -- which accounted for 86 percent of federal aid in 1973-74 -- to the enormous growth of need-based aid in the late 1970s, to the decline of grant aid in the 1980s. Federal funding went from 65 percent of all aid to less than 26 percent (Display 6), while private funds increased in constant dollars by 610 percent (Display 7). Virtually all of these "private" funds represent federally guaranteed student loans.

The decline in federal grant funding appears to have been felt most dramatically among the independent institutions, the Community Colleges, and the State University, while the University of California has been virtually unaffected, as Display 8 shows. Federal grants for students attending proprietary institutions grew enormously, so that by 1984-85, close to 25 percent of all Pell Grants were awarded to such students -- or more Pell aid than in any other segment of postsecondary education.

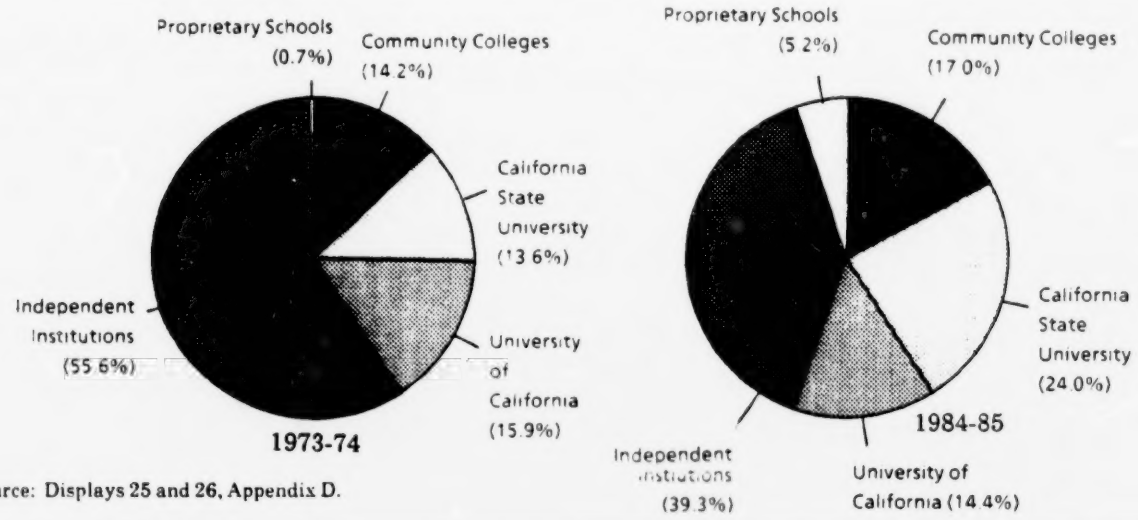
One of the factors in this shift can be attributed to the overall decline in availability of federal grant funds relative to federally subsidized, privately held loan funds -- again, a phenomenon that has been felt most acutely in the Community Colleges and the State University. Other factors probably stem from differences among the segments, since availability of

DISPLAY 8 Federal Funds by Segment of Postsecondary Education, 1973-74 and 1984-85, in Thousands of Dollars

	1973-74		1984-85	Percent Change	
	Current Dollars	Constant Dollars	Dollars	Current Dollars	Constant Dollars
California Community Colleges	$76,373	$180,656	$81,713	+ 7%	- 136%
The California State University	86,215	203,937	76,082	- 13	- 168
University of California	28,177	66,651	68,564	+ 143	+ 3
Independent Colleges and Universities	76,045	179,880	65,557	- 16	- 174
Proprietary Institutions	0	0	74,988	N.A.	N.A.

Source: Displays 25 and 26, Appendix D.

DISPLAY 9 Percentage of State Student Aid Funds Granted to Students in Different Segments, 1973-74 and 1984-85



Source: Displays 25 and 26, Appendix D.

funds is a function of several variables operating together, including number of eligible students applying for aid, family income, and differences ini nstitutional charges. These charges increased most steeply at the State University and the independent colleges and universities, so part of the decline may be attributable to that factor. Another important factor explaining the change in the distribution of federal funds may be the change in the federal government's emphasis on the entitlement program of Veterans Benefits to complete reliance on need-based aid.

Increases in institutional aid

While federal funds have declined, the commitment of institutional revenues to student aid have increased dramatically, as Display 7 on page 13 shows -- by 92 percent -- the second biggest increase of any, next to private loan funds. Virtually all of this increase is accounted for by increases in institutional aid among the independent colleges and universities. For those institutions as well as at the University of California, institutional aid is a larger source of aid revenue than federal grant funds, whereas it ranks behind State funds in importance at the Community Colleges, the State University, and proprietary schools. Because so little is known at the State-policy level about institutionally funded student aid programs at the University of California and the independent institutions, Chapter Four describes them.

Increases in State aid

The proportion of student aid from State funds has held steady at close to 9 percent of total aid funds available over the 12-year period, but the amount in constant dollars has increased by 46 percent. With very slight exceptions, State funds for student aid are for undergraduate need-based grants. Because of the decline in federal grants, these State grants became increasingly important as an alternative to loans. The distribution of aid funds by segment of student attendance has changed considerably, however, as Display 9 shows.

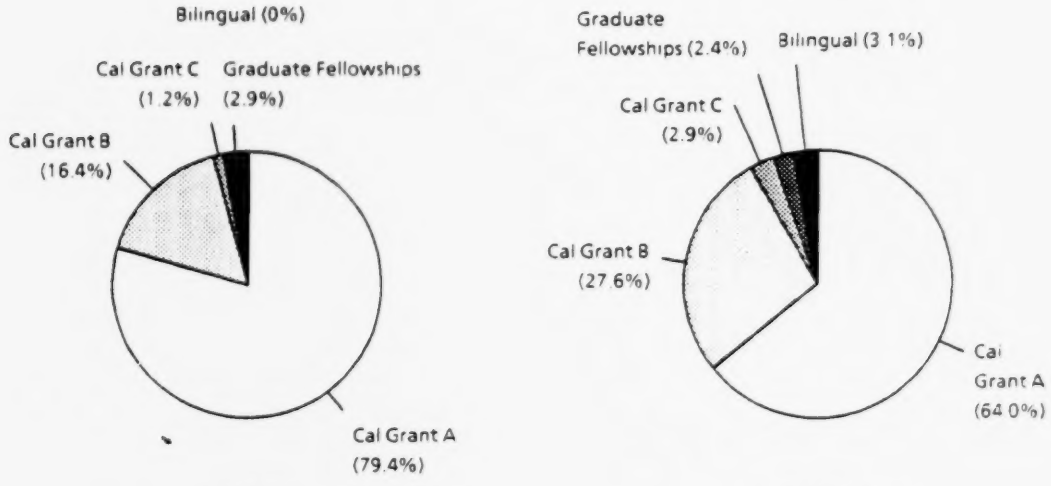
Segmental dependence on State funds grew most in the State University and the Community Colleges, while it declined slightly in the University and sharply among the independent colleges and universities. There are probably two major reasons for these differences: One is the increase in State student aid funding that is appropriated directly to the segments -- the State University Grant Program and the Board Financial Assistance Program. The other and more general is the relative decline of the Cal Grant A Program -- the only State-funded aid program with an explicit "choice" component -- in comparison to other State student aid programs. Since 1975, when California's current financial aid law was put into place, the Legislature and the Governor have consistently put incremental funds first into programs targeted to access for economically disad-

vantaged students. Although all aid programs accomplish more than one purpose, and the real effect of this change on students cannot be completely known, one result appears to be the relative decline of the State's largest "choice" program, Cal Grant A. In 1973-74, the Cal Grant A program constituted 67 percent of all State student aid expenditures, whereas in 1984-85 it had slipped to less than half. One result of this shift is that State grants awarded to students attending independent institutions fell from 56 percent in 1973-74 to 38 percent in 1984-85, whereas State grants to students in both Community Colleges and the State University increased (Displays 9 and 10).

Revenue differences among institutions

The changes in student aid funding over the 12-year period have manifested themselves differently across the segments. The result is a very different revenue stream for financial aid among the segments now than was the case 12 years ago. Display 11 on page 16 shows how these changes have occurred. Twelve years ago, the segment most dependent on State funding for financial aid was the independent sector; now, however, the State University and the Community Colleges head the list. Community Colleges continue to enroll more students receiving federal grant aid than any other public segment, although federal grant funds for that segment have been virtually halved relative to other financial aid. This decline in grant funding has been only partly offfset by an increase in Guaranteed Student Loans. The University of California has the best diversified "base" of funding for financial aid, with no single revenue source accounting for more than 36 percent of all aid. The most lopsided revenue picture is in the proprietary sector, where two-thirds of all aid comes from privately funded, federally guaranteed loans.

DISPLAY 10 Percentage of Cal Grant Funds Awarded by Each Program, 1973-74 and 1984-85



Source: Displays 26 and 27, Appendix D.

DISPLAY 11 Share of Student Aid Revenues by Source for Each Segment, 1973-74 and 1984-85

Segment and Source of Revenue	1973-74	1984-85
California Community Colleges		
Federal	86.5%	42.2%
State	6.2	11.9
Institutional	4.8	9.5
Private	2.5	36.5
The California State University		
Federal	73.6	30.8
State	4.4	13.7
Institutional	6.7	7.3
Private	15.2	48.1
University of California		
Federal	36.6	25.7
State	7.8	6.9
Institutional	37.0	31.3
Private	18.0	36.1
Independent Colleges and Universities		
Federal	59.1	13.4
State	16.5	10.2
Institutional	20.9	38.0
Private	3.4	38.4
Proprietary Institutions		
Federal	0	30.9
State	100.0	2.7
Institutional	0	0.3
Private	0	66.1

Source: California Postsecondary Education Commission.

3 *State-Funded Financial Aid Programs in California*

THE State of California pays for ten distinct student aid programs: Five of them, listed at the top of Display 12 below, are competitive grant programs for qualified students attending eligible institutions; the sixth is a loan-forgiveness program for qualified students who become teachers; and the remaining four are grant programs administered directly by the segments and available only to students enrolled in their institutions. The five competitive programs and the loan-forgiveness program are administered by the Student Aid Commission, and cost $108.4 million in 1984-85; while the segmental programs cost $33.3 million during that same year. Of all ten programs, only one -- the Cal Grant A Program, which at $69.3 million is by far the largest -- has "choice" as a priority component, and only the Cal Grant C, the Bilingual Teacher Training Grant, Graduate Fellowships, and the loan assumption programs -- which together cost $9.2 million -- have an explicit manpower or human resources component. All of the other programs have as their top priority access for economically disadvantaged students.

Although these ten State-funded financial aid programs constitute less than 10 percent of all student aid expenditures in California, they historically have been the focus of most State policy and planning efforts relative to financial aid. Because of that fact, and because these funds are more subject to State-level policy control and fiscal oversight than other funds, this chapter provides more details about how and when these programs developed.

DISPLAY 12 California's State-Funded Financial Aid Programs

Program	Year Begun	Administrative Agency	Main Purpose	1984-85 Funding (in millions)
Cal Grant A	1955	California Student Aid Commission	Choice/Access	$69.34
Graduate Fellowships	1965	California Student Aid Commission	Manpower	2.59
Cal Grant B	1969	California Student Aid Commission	Access/Choice	29.85
Cal Grant C	1973	California Student Aid Commission	Manpower	3.19
Bilingual Teacher Training	1975	California Student Aid Commission	Manpower	3.4
Assumption Program of Loans for Education	1984	California Student Aid Commission	Manpower	0.0
Educational Opportunity Program	1968	The California State University	Access	7.11
Extended Opportunity Programs and Services	1968	Local Community Colleges	Access	8.90
State University Grants	1982	The California State University	Access	12.35
Board Financial Assistance Program	1984	Local Community Colleges	Access	4.9

Source: California Postsecondary Education Commission.

1955: California State Scholarships (Cal Grant A)

The first State-funded student aid program was targeted to needy and able students who wanted to attend a private institution. Called the California State Scholarship Program, it began in 1955. Its purpose was to give qualified students the option of attending private institutions by making financial aid available to pay for the costs of high tuition and fees. The program was a competitive grants program open to all students enrolled in a public or private accredited four-year college or university. Because California's public colleges and universities at that time had very low tuition and fees, the lion's share of the grants went to students who chose to attend a private institution. The program was administered by an agency established for that purpose -- the California Scholarship Commission. In order to compete for awards, students had to satisfy a minimum-needs test, with awards to eligible needy students distributed on the basis of merit, as measured by scholastic aptitude test scores. The awards were limited to no more than the cost of student tuition and fees, with students receiving less than the maximum possible if their need was less.

In 1961 (the first year for which segmental information is available), awards totaling $1.8 million were made to 3,202 students. Sixty-six percent of the awards and 91 percent of the total dollars went to students attending independent colleges and universities.* By 1984-85, awards totaling $69.3 million were made to 40,166 students, with only 36 percent of the awards and 69 percent of the total dollars going to students attending independent institutions (Student Aid Commission, 1985, Table 2, p. A-7).

1965: Graduate Fellowships

The second State-funded program, which began in 1965, was the Graduate Fellowship Program. Again, support for the program came from the independent colleges and universities. The program's rationale was to increase the potential supply of new faculty as a means of offsetting an existing and projected shortage. After the program started, eligibility was changed to include priority for students from disadvantaged backgrounds. The program provided for a series of competitive grants to be used to pay the costs of tuition and fees. The criteria for eligibility were academic merit and need, with priority for grants going to academic and professional areas with a demonstrated shortage of faculty. First-year funding was provided for 309 total awards totaling $289,000. Fifty-eight percent of those awards and 90 percent of the funds went to graduate students attending independent colleges and universities. The program has remained fundamentally unchanged since its start; and in 1984-85, 850 awards were made totaling $2.6 million. Forty-six percent of the awards and 86 percent of the funds went to students attending independent institutions.

1968: EOP and EOPS Grants

The third State-funded financial aid program was the educational opportunity program, started by the Legislature in 1968 for students enrolled in the California State University and in the Community Colleges. (The University of California had already established its own internally funded program to provide support services for educationally disadvantaged students. Since the University's program has no financial aid component, it is not discussed here.)

The programs are slightly different in the two systems.

EOP in the California State University

In the State University, the program is called the Educational Opportunity Program (EOP), and its purpose is to provide educational assistance and grants to undergraduate students who are economically or educationally disadvantaged. The program has special support programs as well as a financial aid component. The financial aid component consists of grants to pay needy students part of the costs of tuition, books, and room and board. Of the roughly 20,000 EOP students in 1984-85, close to 14,000 received some form of financial aid award. Of these, 12,000 received Pell Grants, around 6,000 received aid from a campus-based program, 7,500 had a loan,

* Awards to students attending private institutions are higher because the higher costs of tuition and fees show greater need and justifies a higher award. Readers who are interested in knowing more about the methodology used to calculate financial need are referred to Fenske, Huff, and Associates, and also to the 1983 report of the 1980 Student Aid Policy Study Group.

4,800 received a Cal Grant award, and close to 9,000 received an EOP grant. The maximum EOP grant award is $1,000 per academic year, and students are no longer eligible for awards after receiving the baccalaureate degree or beyond five years, except in special circumstances.

EOPS in the California Community Colleges

In the California Community Colleges, the program is known as the Extended Opportunity Programs and Services (EOPS). Like EOP in the State University, EOPS was established to help expand educational opportunities for economically and socially disadvantaged students. EOPS has two distinct components: (1) a *program and services* component, which consists of tutorial services, remedial coursework, multicultural studies, and counseling services; and (2) a *financial aid* component, which consists of aid in the form of grants, loans, and work programs, and in a job placement program. The maximum EOPS grant is $850 and can be combined with EOPS loans and work-study for a maximum of $1,750 per student, per year. EOPS students are also required to apply for federal aid, and survey information obtained from the Chancellery of the Community Colleges suggests that a high proportion of EOPS students receive such aid.

1969: California Educational Opportunity Grants (Cal Grant B)

The fourth State-funded program, started in 1969, was another Student Aid Commission program. Like EOP and EOPS, this new program also was designed to reach educationally disadvantaged students. The program was called the California Educational Opportunity Grant (CEOG) Program. Unlike the other two Student Aid Commission programs, the Educational Opportunity Grant Program was *explicitly* targeted to students attending public institutions, in particular to students attending a Community College. Also unlike the other statewide programs, eligibility was based on measures of economic and educational disadvantage, with academic merit (GPA) accounting for only 30 percent of the "disadvantagedness" score. The program allowed qualified students to receive funding to pay for subsistence costs in their first year, and subsistence costs plus a portion of fees and tuition on renewal, with the neediest students qualifying for the largest grants. Funding for the program expanded rapidly, from $949,000 awarded to 1,000 students the first year, to $5.9 million awarded to 4,761 students by 1973-74. Cal Grant B has been the fastest-growing Student Aid Commission program: by 1984-85, total expenditures had grown to $29.9 million, and awards were made to almost 21,000 students.

1973: Occupational Educational and Training Grants (Cal Grant C)

The California Occupational Educational and Training Grants Program, began in 1973-74, was the first State-funded aid program to place a priority on funding opportunities for job training and placement. It was targeted to needy students enrolled in a vocational training program. It is a competitive grants program, with awards distributed on the basis of need and vocational interest. Grants help cover the costs of tuition and fees and necessary equipment, and are not intended to cover subsistence costs. Program expenditures have grown from $435,000 in 1973-74 (500 awards) to $3.2 million in 1984-85 (2,290 awards). Eighty percent of the funds go to students enrolled in training programs at proprietary or independent institutions.

1975: Bilingual Teacher Training Grants

The newest Student Aid Commission grant program is the Bilingual Teacher Training Grant Program, started in 1977-78 to provide financial aid to low-income students who are interested in becoming certificated bilingual teachers. Eligibility for awards is determined by income and needs analyses. Students must be enrolled in an approved training program for bilingual students or in a teacher preparation program in a Community College. As a final prerequisite, they must have demonstrated fluency in a designated target language. Grants range up to $3,000 per year, and can cover part of subsistence costs for the neediest students.

1982: State University Grants

The latest additions to the list of State-funded grant programs are administered by the State University and the Community Colleges, and were added by the Legislature in response to the fee increases of the 1980s.

The State University Grant Program (SUG), started in 1982-83, pays for a portion of the costs of fees for needy eligible students who do not have their demonstrated need met through Pell or Cal Grants. In order to receive a grant, students must complete the Student Aid Application Form and demonstrate financial need. In 1984-85, 37,143 students received State University Grant aid totaling $12,353,000.

1984: Board Financial Assistance Program and Assumption Program of Loans for Education

The Board Financial Assistance Program (BFAP) was added to the Community Colleges' budget by the Legislature in 1984, when mandatory fees of $100 per student, per year, were required to be charged of all students. An appropriation of $15 million was given to the Board of Governors that year to pay the costs of aid that were estimated to be required because of the new fee. Actual 1984-85 expenditures of $4,944,000 turned out to be substantially below expectations, which raised questions about the adequacy of financial aid administrative services in the colleges. Procedures have now been developed whereby specified public-assistance recipients and part-time students who meet income standards can qualify with a minimum amount of paperwork. Other students are required to complete the standard application form and needs test in order to show need for aid, and awards are limited to no more than the total fee of $100. Because of the cumbersome nature of the standard application form, legislation is currently being considered to allow the development and use of a simplified form.

1984 also saw the implementation of the State's first loan-forgiveness program targeted at an area of manpower shortage. Called the Assumption Program of Loans for Education (APLE), it is designed to help public schools attract and retain teachers of high quality in the fields of mathematics, science, and other critical-shortage areas. The program is intended to reach up to 500 prospective teachers a year, with the potential for loans of up to $8,000 to be forgiven for those who teach in underserved areas. It is administered by the Student Aid Commission. The program got off to a slow start, and was rewritten by the Legislature in 1985. So far, no State funds have been spent.

Finally, the State is currently in the process of "buying out" funds to pay for need-based institutional aid in the University of California. In 1984-85, close to $11 million in State funds were allocated to the University for this institutional aid program. Because this program historically has been supported exclusively through student fees and endowment revenues, it is generally referred to as an "institutional" rather than a "State" aid program, and has been classified as such in this paper.

4 *Institutionally Funded Aid*

AS mentioned in Chapter One, little information is available about two critical parts of the financial aid landscape -- institutionally funded aid and aid to graduate students. This chapter presents information about institutionally funded aid -- where the money comes from, who gets it, and whether it realistically can be considered a source to tap in the future if federal and State funds continue to be threatened. Chapter Five analyzes issues affecting graduate student aid, including who pays for it, who gets it, and whether the policy issues affecting it are the same as, or different from, those affecting undergraduate aid. Although the limited amount of information available does not allow an intellectually satisfying treatment of either of these two topics, it is sufficient for the purposes of defining the major policy issues confronting the State relative to them.

Growth of institutional aid

As noted in Chapter Two except for private loans, institutional revenue for financial aid has grown faster than any other source of aid revenue. Virtually all of this growth has occurred in the independent colleges and universities, where institutional aid grew from 20.9 percent of all aid in 1973-74 to 38.0 percent in 1984-85 -- making institutional revenue for financial aid the fastest growing component of those institutions' budgets, exceeding even the rate of growth of their insurance premiums. In contrast, the growth has been modest in the Community Colleges and the State University, where in 1984-85 only 9.5 percent and 7.3 percent, respectively, of all aid revenue came from institutional sources. University of California students receive close to one-third of all their financial aid from institutional sources, but this is actually less in percentage terms than it was 12 years ago (Display 12, p. 17). The proprietary segment provides virtually nothing in the way of institutional aid to its students.

The implications of heavy reliance on institutional aid by students at the University of California and the independent institution must be better understood. At issue are the following policy questions:

- Who pays for institutional aid?
- Who gets aid from institutional sources?
- What kinds of financial aid programs are supported through institutional revenues?
- Are institutional funds used primarily to supplement publicly funded aid to students eligible for federal or State aid, or are the funds used to support other students who are not eligible for public aid?
- Is increased dependence on institutional aid a viable State-policy option for the future, if federal and State funds continue to be threatened?
- Finally, should the State try to influence policy decisions about spending for institutional aid, and, if so, to what end?

The following information about institutionally funded aid at the University of California and the State's independent colleges and universities is offered to help answer these questions.

Who pays for institutional aid?

University of California

The majority of institutional aid at the University of California is paid for by student fees reserved for that purpose, although the State is increasingly "buying out" the University's need-based programs.

Prior to 1975, funds for institutional aid in the University came mostly from an internally controlled fund known as the "Opportunity Fund," which derives its revenue from indirect costs recovered from extramurally funded research. In response to budget cuts, the University redirected Opportunity Funds to cover General Fund reductions, and shifted Education Fee revenues to pay for financial aid and aid administration. Thus, in 1978-79, the first year following the passage of Proposition 13, fully 78.6 percent of institutional aid provided by the University came from student fees. Since the adoption of ACR 81, the

University has made it an annual budget priority to persuade the State of California to support the institutional aid program by replacing student-fee funding with State funding. That has happened gradually, with a "buy-out" over the past few years of need-based institutional aid programs.

In 1984-85, 61 percent of institutional financial aid was paid for from student fees, 25 percent from endowment revenues, and the remaining 15 percent from the State General Fund. By 1986-87 (if current budget plans are followed), the State General Fund will have "bought out" all of the University's need-based institutional aid programs. Thus, the picture that is emerging for the future of institutional aid revenue at the University is bifurcated: (1) total State support for need-based institutional aid, and (2) student-fee support for non-need based aid -- the majority of which goes to graduate students, a large number of whom are nonresidents.

Independent colleges and universities

At California's independent colleges and universities for which information is available, a significant and growing proportion of institutional aid is paid for by student tuition and fees redirected for that purpose, although private gifts, grants, and donations from alumni continue to fund close to 60 percent of the total. Fifteen institutions, which represent 31 percent of the total full-time-equivalent enrollment of the member institutions of the Association of Independent California Colleges and Universities, have provided data to the Association on their sources of revenue for institutional aid. For these 15, in 1978-79, 22.8 percent of their institutional aid was paid for from student tuition and fees, but in 1984-85, that figure had increased to 41.5 percent. If that rate of growth is representative of all member institutions of the Association that did not respond to the survey, virtually all of the large growth in institutional revenue for the aid noted above was paid for from student tuition and fees. Student tuition and fees at independent institutions, unlike those at public institutions, are general revenues available to be used for any purpose. For these institutions to commit such a large and still-growing portion of their resources to financial aid -- rather than to faculty salaries or other program costs -- is an indication of the importance of financial aid in maintaining their enrollments and a diverse student body.

Who gets aid from institutional sources?

University of California

During the period 1973-74 to 1984-85, institutional financial aid funding at the University of California shifted to the support of graduate students, as Display 13 shows.

In the University, as in the independent institutions, minority students receive student aid above parity with enrollments. Declines in graduate enrollments of some minority groups at the University have been reflected in declines in institutional aid to graduate minority students (Display 14). Since the University maintains a number of aid programs specifically designed for such students (although most minority graduate enrollments are in professional rather than academic programs, which are much less well-funded with aid), the lack of available financial aid does not seem to be the main cause for declining enrollment of minority graduate students, an enrollment decline that has been observed nationally.

Independent colleges and universities

In contrast to the University of California, institutional aid among independent colleges and universities is directed primarily to the undergraduate level, but as at the University, this aid is distributed to minority students in proportions higher than their enrollment proportion. Twenty-seven member institutions of the Association of Independent California Colleges and Universities, representing 49 percent of their total full-time-equivalent enrollment have reported data about rates of increase in institutional aid that are summarized in Displays 15 and 16 on page 24.

What kinds of financial aid are supported through institutional revenues?

University of California

The University's institutional aid programs pay for various types of aid. Most University-funded aid falls into one of four categories: scholarships and fellowships (36.7 percent); grants (55.0 percent); loans (7.2 percent); and work-study (1.0 percent). As Display 17 on page 25 shows, over 91 percent of these University funds are awarded as scholarships, fellowships, and grants.

DISPLAY 13 *Institutional Financial Aid Awards to Undergraduates and Graduate Students, University of California, 1973-74, 1978-79, and 1984-85 (Dollars in 000s)*

		1973-74	1978-79	1984-85
Undergraduates:	Total Dollars	$15,905	$20,147	$32,061
	Number of Awards	22,229	22,936	24,258
	Average Award	$ 715	$ 878	$ 1,322
Graduate Students:	Total Dollars	$14,845	$23,361	$43,754
	Number of Awards	14,447	10,166	15,496
	Average Award	$ 1,028	$ 2,298	$ 2,823

Source: Office of Financial Aid and Loan Collection, Office of the President, University of California, March 11, 1986.

DISPLAY 14 *Ethnicity of Institutional Financial Aid Recipients, University of California, 1973-74, 1978-79, and 1984-85*

	1973-74		1978-79		1984-85	
Ethnicity	Undergraduate	Graduate	Undergraduate	Graduate	Undergraduate	Graduate
White	44.7%	52.8%	55.0%	64.1%	52.5%	59.8%
Black	13.4	8.2	8.7	6.5	7.3	3.9
Asian	11.2	8.9	16.3	9.8	21.2	11.3
Hispanic	10.8	5.3	11.2	8.0	11.2	7.0
Other	19.3	24.7	8.8	11.6	7.8	18.0

Source: Office of Financial Aid and Loan Collection, Office of the President, University of California, March 11, 1986.

The majority of the University's nine major institutional aid programs, summarized in Display 18 on page 26, are either entirely need-based or have a need component. Its largest program -- the University Student Aid Program -- accounts for over half of the University's institutional aid programs, and it provides grant, loan, and work-study assistance to undergraduate and graduate students solely on the basis of financial need. Fifteen percent of the Program's funds are required to be reserved by each campus for loans; the remainder can be packaged at the campus level as grant, loan, or work-study aid. The University's policy is thus to use need-based institutional aid to help balance the unpredictable distribution of aid from non-University sources.

The University awards fellowships without regard

DISPLAY 15 *Institutional Financial Aid Awards to Undergraduates and Graduate Students, 27 Independent California Colleges and Universities, 1973-74, 1978-79, and 1984-85*

	Percent Change 1973-74 to 1978-79	Total Dollars 1978-79	Percent Change 1978-79 to 1984-85	Total Dollars 1984-85
Undergraduate	+ 102.7%	$28,935,926	+ 125.3%	$65,192,914
Graduate Students	+ 14.2	19,263,021	+ 34.3	25,875,138
Total	+ 53.4%	$48,198,947	+ 88.9%	$91,068,052

Source: Association of Independent California Colleges and Universities (AICCU), April 16, 1986.

Note: The survey sample included 27 AICCU member institutions which represent 49 percent of the Association's total full-time-equivalent enrollment. These institutions are: Azusa Pacific, Biola, Chapman, Claremont McKenna, Claremont Graduate School, College of Notre Dame, Dominican, Harvey Mudd, Holy Names, Loyola Marymount, Marymount Palos Verdes College, Mount St. Mary's, Occidental, Pepperdine, Pomona, St. Mary's, San Francisco Conservatory of Music, Santa Clara, Southern California College, Stanford, United States International University, University of the Pacific, University of Redlands, University of San Diego, Westmont, and Whittier.

DISPLAY 16 *Ethnicity of Institutional Financial Aid Recipients, 27 Independent California Colleges and Universities, 1973-74, 1978-79, and 1984-85*

Ethnic Group	1973-74	1978-79	1984-85
White	62%	64%	69%
Black	15	12	7
Asian	8	7	11
Hispanic	11	10	11
Other or Decline to State	4	7	2

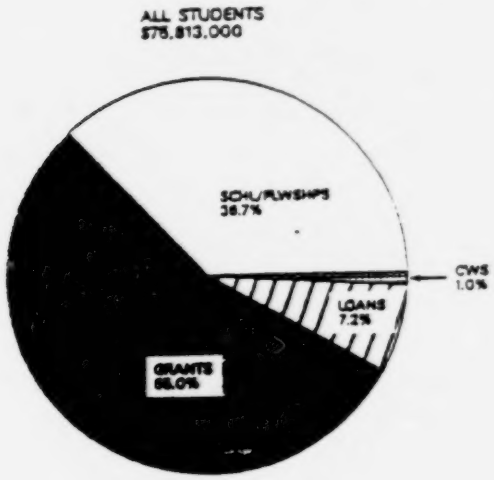
Source: Association of Independent California Colleges and Universities (AICCU), April 1986.

Note: In comparison to these percentages, AICCU's overall ethnic breakdown for all students enrolled in all institutions in 1982-83 was: White, 74 percent; Black, 6 percent; Asian, 10 percent; Hispanic, 8 percent; and Other or Decline to State, 2 percent. The survey of institutional aid recipients included 17 institutions representing 26 percent of the Association's total full-time-equivalent enrollment. These institutions are: Biola, Claremont McKenna, College of Notre Dame, Dominican, Harvey Mudd, Loyola Marymount, Marymount Palos Verdes College, Mills, Occidental, Pepperdine, Pomona, San Francisco Conservatory of Music, Santa Clara, United States International University, University of the Pacific, Whittier, and Woodbury.

to need to both undergraduates and graduates in three programs. The President's Undergraduate Fellowship Program provides grants for undergraduate research projects, while the Regents' Fellowship Program and the Graduate Opportunity Fellowship Program provide stipends of $4,800 plus fees and nonresident tuition, if applicable, to graduate students pursuing academic degrees. The Graduate Opportunity Fellowship Program is limited to women and minorities who are underrepresented in academic graduate departments.

The University's three undergraduate scholarship programs are: (1) the Regents' Scholarship Program -- the University's most prestigious program -- which provides stipends to Regents' Scholars with financial need, and honoraria of $300 to those without need; (2) the University Scholarship Program, which gives awards to students on a combined need/merit basis; and (3) the Alumni and Newer Campus Scholarship

DISPLAY 17 Percentage of University-Funded Financial Aid Awards, by Type, 1984-85



Source: University of California, Office of the President, Report on Student Aid to the Regents, March 1986.

Program, which matches alumni and donor funds for scholarships for recent high school graduates or Community College transfer students.

Two other programs reach students of high institutional priority: the Affirmative Action Grant program, started in 1976 to provide grants to needy underrepresented minority students, and the In-Candidacy Fee Offset Grant Program, which waives the Education Fee for all graduate students who have advanced to candidacy, without regard to financial need.

The last component of the University's student aid program is the nonresident tuition waiver, which is given primarily to graduate students. In 1984-85, the University paid for 1,883 nonresident tuition waivers at a cost of $7.2 million.

These programs together account for roughly 75 percent of all of the University's institutionally funded aid programs: The remaining 25 percent is a collection of small programs, many of them individual scholarships, funded by endowments and limited in their use by the terms of the endowment, and most available from an individual campus or department rather than the University at large.

Independent colleges and universities

The independent colleges and universities maintain a variety of institutional financial aid programs. For the purposes of this study, they were not asked to provide program descriptions.

Are institutional aid programs used to supplement or supplant publicly funded aid programs?

No information is available to allow any answers to this question for California's independent colleges and universities. With respect to the University of California, however, the majority of institutional aid in the University Student Aid Program is exclusively need-based, and is used to supplement other forms of aid for students whose need is not entirely met through other sources. A substantial portion of institutional funds in the University are either for strictly merit programs, or have both a need and a merit component. If the State's "buy-out" of University institutional aid programs continues as planned, essentially all of the money for the University's major need-based programs (close to $35 million) will come from the State General Fund.

Is increased dependency on student aid a viable State policy option if State and federal aid continues to be threatened?

The answer to this question is different for students enrolled in the University of California than for those in California's independent colleges and universities.

University of California

For the University of California, if the State continues to "buy-out" need-based institutional aid and student fees continue to be held down as a result, there may be room for fees to increase slightly in order to pay for aid without risking enrollments. As a policy matter, however, although the market may bear additional fee increases without serious enrollment loss, the issue of who pays for the fees versus who gets the aid will continue to confront the State. Given the enrollment mix of the University, most of

DISPLAY 18 University-Wide Institutional Aid Programs, University of California, 1984-85

Program	Student Eligibility and Level	1984-85 Funding
University Student Aid Program	Financial need Graduate and undergraduate students	$38,694,897
Regents Fellowship Program	Merit Graduate students only	4,599,000
Graduate Opportunity Fellowship Program	Merit Graduate women and underrepresented minorities pursuing academic degrees	2,120,000
Regents Scholarship Program	Merit Undergraduate students	2,000,000
University Scholarship Program	Merit/need Undergraduate students	750,000
Alumni and Newer Campus Program	Recent high school graduates and Community College transfer students	140,000
Affirmative Action Grant Program	Need Underrepresented minority students	800,000
In-Candidacy Fee Offset Grant Program	Graduate students who have advanced to candidacy	1,884,442
Non-resident Tuition Waiver Program	Non-resident students (primarily graduate)	6,708,621

Source: Office of the President, University of California, 1986.

the fee revenue comes from undergraduates. While a substantial portion of institutional aid now goes to needy undergraduates, in the near future those programs are likely to be paid for with State funds. At that time, the policy question posed to the State and the University will be: Should University fees be raised to pay for non-need-based aid, a large portion of which goes to pay for graduate students, many of whom are nonresidents?

Independent colleges and universities

At California's independent colleges and universities, most of the growth in institutional aid has come from tuition and fee increases, and unless some new revenue stream other than State, federal, or private funds is found, student tuitions cannot continue to be increased to pay for financial aid. The public/private tuition gap in California has grown to all-time highs. Continued growth in private tuitions at a time when public tuition and fees have leveled off presents a serious threat to the stability of independent enrollments.

Should the State of California attempt to influence institutional decisions about institutional aid, and if so, to what end?

The State of California historically has not given explicit consideration to institutional aid programs in establishing State aid policy. Under present law, it is unconstitutional for the State to intervene directly in institutional aid policy for either segment. With continued threats to federal and State funding remaining a significant possibility, the temptation to attempt to "program" these funds in the future -- either directly or by recognizing these funds in other aid policy -- could well increase. Whether that is appropriate or even good public policy is an issue that may be impossible to avoid. The question is ultimately one of values and priorities that has no easy answers.

5

Graduate Student Aid

THE California Postsecondary Education Commission periodically publishes reports on graduate education in California, and in the most recent such report -- *Graduate Education in California: Trends and Issues* (January 1985) -- the Commission included detailed information about graduate enrollments by field and level through the 1982-83 academic year. Because more recent enrollment information does not suggest a significant change from the trends reported, this chapter begins with a reiteration of the major themes and findings from that document.

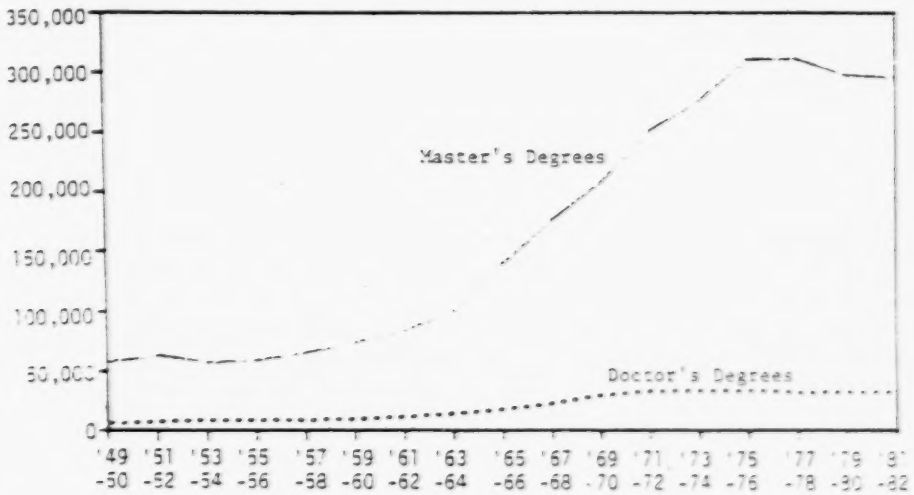
Enrollment trends and issues affecting graduate students

Although much of the public-policy discussion about graduate education centers on the production of doctoral degrees, enrollments in doctoral programs actually constitute only a small percentage of total graduate enrollments, both nationally and in California. Nationally, production of new doctorates has hovered between 1 and 3 percent of all new degrees awarded since the 1930s. Doctoral enrollments peaked in the early 1970s, and have gradually and slightly declined since then, while master's degrees awarded grew steadily through the late 1970s and have tapered off since then. Display 19 below charts the growth of earned master's and doctoral degrees conferred in the United States over the period 1949-50 through 1981-82.

Graduate enrollments in California

In California, graduate enrollments are highest in the California State University where, in the fall of 1982, 77 percent of all graduate students were attending part time. Graduate enrollments are next highest among independent institutions, where part-time students constituted 61 percent of graduate enrollment in the 1982 fall term. The University of California -- the only public institution to award the

DISPLAY 19 Earned Master's and Doctor's Degrees Conferred by American Institutions of Higher Education, 1949-50 Through 1981-82



Source: California Postsecondary Education Commission, 1985a, p. 6.

doctorate -- trailed the pack, enrolling only 17 percent of all of California's graduate students. Since the University discourages enrollments of part-time students, only 7 percent of its graduate students are part timers.

Graduate enrollments in California grew between 1973 and 1984 by close to 41 percent, and virtually all of this growth represented students enrolled in the independent colleges and universities. While enrollments have grown slightly in both public segments, the public share of graduate enrollments has declined by 20 percent overall during this period, as shown here:

	Fall 1973	Fall 1982	Fall 1984
The California State University	51%	43%	33%
University of California	20	17	17
Independent Colleges and Universities	30	40	49

Most of the growth in the independent sector appears to have occurred among master's- and professional-degree students who attended part time; but in the fall of 1984, fully 24,982 doctoral students were enrolled in independent institutions, making them the leading producer of new doctorates in the State. A detailed analysis of those enrollment patterns and the reasons for them awaits the next Commission report on graduate enrollment trends.

The shift of enrollments among the segments is only one part of a change in graduate enrollments over the past ten years. The second part of that change is a dramatic shift of enrollments away from academic degree programs and the study of education to professional programs at the master's degree level (Display 22). There has been a steady decline in enrollment demand for foreign languages, social sciences, and fine and applied arts, which has been largely offset by a significant increase in demand for professional doctorates, especially in architecture, business, and the health sciences. With few exceptions, these changes in California have paralleled similar changes nationally.

Sex of graduate students

The percentage of men and women enrolled in graduate education continues to change significantly. Between 1978 and 1982, the number of master's de-

DISPLAY 20 Percentage Change in the Numbers of Graduate Degrees Awarded in the United States and in California, by General Field of Study, Between 1977-78 and 1981-82

	Masters		Doctors	
Discipline	United States	California	United States	California
Agriculture and Natural Resources	+3.5%	+25.5%	+11.1%	+2.4%
Architecture and Environmental Design	+6.8	+23.6	+9.6	+40.0
Biological Sciences	-13.7	-12.3	+13.1	+5.6
Business and Management	+26.7	+18.6	-1.1	+5.8
Communications	+0.9	-22.9	+4.7	-66.6
Computer and Information Sciences	+62.4	+52.6	+28.0	+24.2
Education	-21.5	-19.9	+1.2	-2.2
Engineering	+9.4	+2.0	+8.0	-3.9
Fine and Applied Arts	-3.2	-7.8	-5.4	-38.5
Foreign Languages	-26.3	-18.7	-17.4	-48.4
Health Professions	+15.2	+8.9	+41.4	+42.0
Home Economics	+9.9	+15.6	+21.6	-100.0
Letters	-17.8	-15.6	-18.7	-27.0
Library Science	-34.8	-66.9	+25.3	-54.5
Mathematics	-19.1	-11.4	-15.4	+2.2
Physical Sciences	+0.8	-2.1	+4.8	+4.1
Psychology	+4.5	+29.9	+7.4	+81.3
Public Affairs and Services	-2.8	-36.7	+8.6	-32.1
Social Sciences	-18.3	-44.8	-14.5	-17.5
Interdisciplinary Studies	+10.9	N/A	30.5	N/A
TOTALS	-5.2%	+0.5%	+1.8%	+2.3%

Source: California Postsecondary Education Commission, 1985a, p. 31.

grees awarded to women increased by 9 percent in the University of California, by 8 percent in the State University, and by 22 percent in the independent institutions. The number of the doctorates earned by women increased even more -- by 30 percent in the University and 27 percent in the independent institutions. This growth in participation by women occurred in all fields except education, where more men are enrolled in the programs than in the past -- although women continue to account for over 70 percent of the master's degrees and 50 percent of the doctorates in that field. Male enrollments in graduate programs in the State University declined more than 10 percent between 1978 and 1982, whereas male enrollments in the University of California increased by 7.5 percent during that period.

Ethnicity of graduate students

Since 1978, the percentage of minority students (as a group) enrolled in graduate programs has increased at all levels and in all segments.

Asian students continue to be "overrepresented" relative to the general population, with heavy concentrations in engineering and computer science programs. They constitute 10 percent of graduate enrollments in the University and 8 percent in the State University, compared to 4 percent of California's population between 22 and 30 years old.

Hispanic enrollment percentages also have increased, to 6 percent of all graduate enrollments at the University and 7.6 percent at the State University. (In fact, Hispanic graduate enrollments grew at a faster rate than the number of bachelor's degrees awarded during this period.) These percentages, however, are still significantly less than the 21 percent of Hispanic young adults in the 22- to 30-year-old age group.

Black graduate enrollments fell to under 4 percent in the University and to almost 5 percent in the State University, whereas Black young adults constitute 8 percent of the population between 22 and 30 years old.

Both Blacks and Hispanics in the two segments represent a larger-than-average share of graduate students enrolled in public affairs, education, and architecture, but a particularly small proportion of those enrolled in engineering, computer science, biological and physical sciences, business administration, and letters.

University of California aid for graduate students

Financial aid for graduate students at the University of California is a world apart from aid for undergraduates. The five major differences between the two groups are:

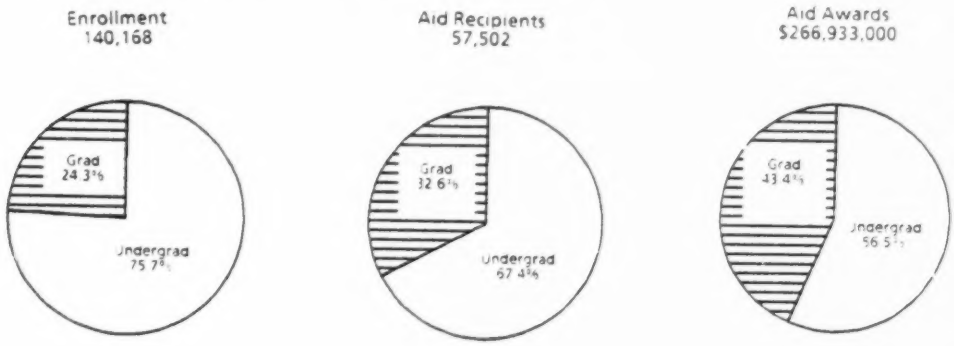
1. State programs for graduate aid pay for a very small part of total graduate aid.
2. The major federal aid programs are the National Direct Student Loan program and the privately funded, federally Guaranteed Student Loan Program. While there are federally funded graduate fellowships, which provide 14 percent of all aid to graduate students in the University of California, there are no need-based grant programs for graduate students comparable to the Pell Grant Program for undergraduates.
3. A significant amount of graduate financial aid is "non-need" aid, awarded either exclusively or primarily on the basis of merit.
4. Teaching and research assistantships, as a form of student employment, are a significant source of graduate financial aid.
5. Finally, more graduate than undergraduate aid is available relative to enrollment. At the University of California, three of every seven undergraduate students receive some kind of financial aid, whereas two of every three graduate students receive aid from sources other than teaching and research assistantships (Display 21, page 32).

Source of revenue for graduate financial aid

Display 22 compares sources of financial aid for the University's graduate students. As it shows, the dominant sources of revenue for graduate student aid -- exclusive of teaching and research assistantships -- are University and private sources, whereas federal and State aid combine for less than 22 percent. Aid to undergraduates, on the other hand, is much more dependent on federal and State funds, which constitute close to 50 percent of the total for them.

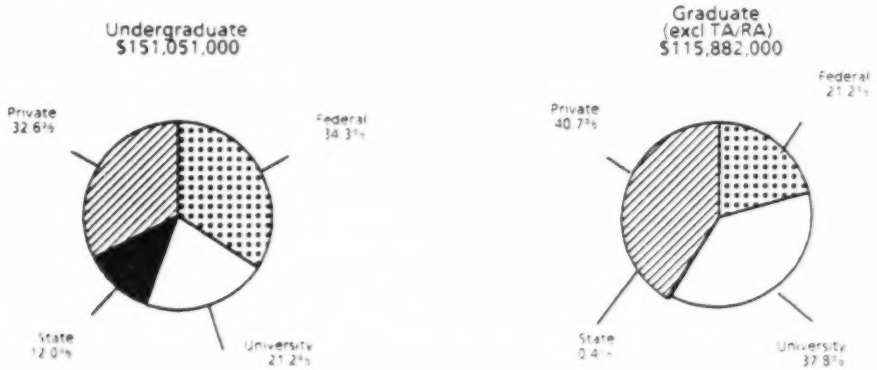
If the $87.2 million in funding for graduate teaching and research assistantships is added to these totals,

DISPLAY 21 *Enrollment, Aid Recipients, and Aid Awards by Undergraduate versus Graduate Student Status, University of California, 1984-85*



Source: Office of Financial Aid and Loan Collection, University of California.

DISPLAY 22 *Sources of Financial Aid for Undergraduates and Graduate Students, University of California, 1984-85*



Source: Office of Financial Aid and Loan Collection, University of California.

institutionally monitored graduate aid increases from $115 to $203 million.

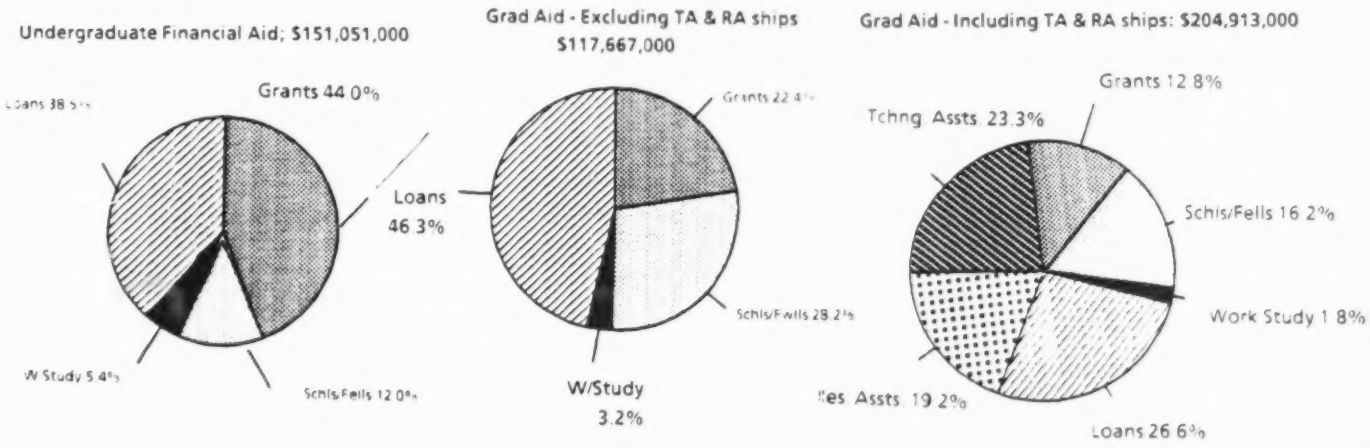
Type of graduate aid

Graduate students at the University rely more on loans for aid than do undergraduates, as Display 23 on the opposite page shows. Forty-six percent of all graduate aid is in the form of loans; 50.9 percent is in the form of scholarships, fellowships, or grants; and less than 4 percent is work-study aid. Again, if teaching and research assistantships are added to the total, then support from those sources constitutes 42.9 percent of all aid, or almost as much money as is obtained from loans.

Graduate support by discipline

Although graduate students as a group at the University have more support available to them than do

DISPLAY 23 Financial Aid for Undergraduates and Graduate Students by Type of Award, University of California, 1984-85



Source: Office of Financial Aid and Loan Collection, University of California.

undergraduates, the amount and type of this support vary significantly by field of study. This is because some fields have teaching assistantships available for undergraduate instruction, whereas others (like medicine, law, and education, for instance) do not have undergraduate components and therefore no teaching assistantships available. Table 31 in Appendix D shows expenditures for 1984-85 for graduate students in the University by type of aid and field of study.

California State University graduate student aid

The amount and kinds of financial aid available to graduate students at the California State University is very different from that available both to State University *undergraduates* and to University of California graduate students.* Some of the differences are similar to those that exist between undergraduate and graduate students at the University of California, since there is virtually no federal need-based grant program for graduate students, and since the State-funded Graduate Fellowship Program is so small. Also, like University of California graduate students, those at the State University are more likely than undergraduates to get financial aid in the form of loans; they are much more dependent on loan financing than their University counterparts, simply because there are so few other sources of support available to them.

Prior to 1986, the only source of institutional aid for State University graduate students was the State University Grant Program, which pays for a portion of required student fees for needy students. However, only 1,647 students received such grants in 1984-85, for a total of $598,000. (In comparison, the University of California offers nearly $44 million in institutional aid to its graduate students.) Beginning in 1985-86, the State funded a new Graduate Equity Fellowship Program for the State University, which will provide approximately $500,000 during a two-year pilot period for needy, underrepresented graduate students.

* Any comparison of graduate aid between the University of California and the California State University should include comparisons not only of expenditures and types of awards, but between their kinds of students and the programs that they take. For example, most of the University's graduate students are full-time students, whereas the majority of the California State University's are part time. There are obvious and significant differences between the academic and professional programs in the two institutions as well, and also between individual campuses of the two. This brief discussion of graduate financial aid at the State University recognizes those important differences but does not pretend to address them.

Beyond these limited funds, little aid other than loans is available to State University graduate students. For example, they received less than 10 percent of the Student Aid Commission's Graduate Fellowships in 1984-85, for a total of around $25,000; and their "other" aid -- including federal fellowships, bilingual teacher grants, and campus earnings other than work-study -- amounted to only $1.1 million.

Thus, the financial aid story for the State University's graduate students is in general a story about loans. As Display 24 shows, 89 percent of all aid to these students is in the form of loans, compared to only 45.6 percent for State University undergraduates and to 46.3 percent for University of California graduate students, exclusive of teaching and research assistantships.

As it does at the University of California, the amount of aid available to graduate students at the State University differs by field of study. Unlike the situation at the University, however, the differences appear to be almost entirely a function of State University students' willingness to borrow funds, since there are no teaching and research assistantships available to them. Aid expenditures for them are shown by field of study in Display 32 of Appendix D.

DISPLAY 24 Financial Aid for Undergraduates and Graduate Students by Type of Award, CSU, 1984-85

Note: The "grants" category includes expenditures for miscellaneous grants, loans, and other awards of unknown classification.

Source: The California State University.

Appendix A

Recommendations of the 1980 Student Financial Aid Policy Study Group

Note: The following recommendations are paraphrased from pages xix-xxiv of *A Report to the California Legislature from the Student Financial Aid Policy Study Group, March 1980.*

1. The Legislature should charge the Superintendent of Public Instruction to convene and chair a task force, including the chief executive officers of the three segments of public postsecondary education, to identify current needs for outreach programs, mobilize available resources, coordinate programs, and design strategies for expanding the number of low-income and minority students served at the junior high school, secondary, and Community College levels.

2. Charitable foundations should provide resources to enable selected civic and minority groups to assist the Superintendent's task force and to participate in implementing outreach programs.

3. Existing State policy to provide assistance to qualified students who desire to enroll in an independent institution should be continued. This policy should be maintained in a way that will give students the opportunity to attend the postsecondary institution which most closely meets their educational needs and will encourage constructive competition between public and independent institutions to promote high quality and diversified educational opportunities.

4. Eligibility to participate in State aid programs should be extended only to those institutions (public or private) that participate in the "self-help" programs, namely College Work Study and/or National Direct Student Loan.

5. The Student Aid Commission should be the major vehicle for policy research and advice concerning student financial aid in California. The role should include responsibilities for creating a data base on student aid packages and the review of student budget and self-help policies.

6. The Student Aid Commission should develop a "packaging data base" for all California segments.

7. The Student Aid Commission should undertake studies of the adequacy of student aid resources including, but not limited to, the following indicators: percent of eligible applicants who receive aid; mix of grant, work and loan; proportion of students from low- middle- and high-income backgrounds in each segment; utilization rates; and aggregate need.

8. The Student Aid Commission, in cooperation with the Office of Private Postsecondary Education, should take whatever action is feasible to achieve equal evaluation of the private vocational sector in research conducted by the Commission.

9. The trend toward the creation of narrowly restricted programs should be reversed.

10. Decisions concerning the size and nature of the Cal Grant C program should be deferred until the mandate of AB 576, Chapter 1011, Statutes of 1979, is fulfilled.

11. A new Cal Grant program should be established by the consolidation of at least Cal Grants A and B into one major State aid program for undergraduate study. A program is recommended that would bear a clear and complementary relationship to federal programs, would incorporate consistent guidelines for student self-help, and whose availability and ground rules would be stable.

12. The Student Aid Commission should continue to study a proposal to deliver State student aid assistance through utilization of the federal Basic Grant delivery system and report to the Legislature on the feasibility of this proposal.

13. Regarding Student Expense Budgets, the Student Aid Commission should (1) continue to support the voluntary efforts to bring consistency to student decisions, (2) work toward a common methodology for budget construction, (3) review institutional stu-

dent-expense budgets to promote equity and consistency among institutions, and (4) report institutional student expense budgets annually to the Legislature with comments relating to equity and consistency.

14. Regarding self-help policies: (1) the combination of federal, State, and other grant assistance should not meet the full costs of an individual student, thereby leaving a gap to be filled with reasonable self-help; and (2) the initial amounts of expected self-help should be uniform statewide for public and private institutions.

15. The Student Aid Commission should undertake to ensure that the quality of eligibility analysis is not lessened by the planned merger of the Basic Grant and Uniform Methodology analysis systems.

16. The Student Aid Commission and the Postsecondary Education Commission should support national efforts to assess home equity more fairly in both the Basic Grant and Uniform Methodology analysis systems.

17. The Student Aid Commission, in consultation with the segments, should develop guidelines for basic documentation and verification of information in student files.

18. The definition of a self-supporting student should not be changed.

19. The State should continue to use merit standards to screen for academic potential in Student Aid Commission programs.

20. Grade-point averages should not be used for students who have been out of school for more than five years.

21. The Student Aid Commission should consider a policy whereby recent high school graduates who fail to meet minimum standards may become eligible on completion of a full year of academic course work that meets institutional standards for progress.

22. With regard to minimum academic progress, State benefits should continue to be administered by the campuses, using the same institutional policies that govern continued receipt of federal and campus benefits.

23. Supplemental questionnaires used in conjunction with Cal Grants B and C should be eliminated.

24. Income ceiling in current programs should be periodically adjusted and refined to reflect more fully the capacity of each family's ability to pay for the costs of their children's postsecondary education.

25. The Student Aid Commission should work toward a March 1 application deadline for its programs.

26. The 16-unit requirement and the 51 percent requirement for Cal Grant B should be deleted.

27. State aid programs should remain limited to students who are enrolled at least half time.

28. State aid programs should adopt provisions similar to current federal Supplemental Grant statutes, which limit aid to four years except in specific cases.

29. The Student Aid Commission should study the nature, extent, and need for graduate assistance.

30. The Postsecondary Education Commission should seek to identify those factors that lead to the continuing dearth of minority and women students in some areas of graduate study.

31. The Board of Governors of the California Community Colleges should monitor implementation of their resolution to improve the management of student aid in the Colleges.

32. The Legislature should consider empowering the Office of Private Postsecondary Education to extend its sphere of institutional evaluation to ensure consumer protection and service to students in those private vocational institutions that participate in State student aid programs.

33. Chief executive officers at the campus and system level, and governing boards, should undertake review of financial aid policies and operations at least every other year.

34. The Student Aid Commission and the Postsecondary Education Commission should urge members of Congress to appropriate sufficient funds to provide operational support for federal student aid programs.

Appendix B

Recommendations to the Legislature in Response to Assembly Concurrent Resolution 81

Note: The following paragraphs reproduce: (1) Assembly Concurrent Resolution No. 81, and (2) the California Postsecondary Education Commission's recommendations from the first of its three reports responding to that resolution (1982a).

ACR 81, Hart. Student Charges

WHEREAS, The State of California has a long-standing history of tuition-free, low-cost public postsecondary education; and

WHEREAS, Severe state budget constraints necessitate an examination of public postsecondary school finance, including student fees and tuition; and

WHEREAS, There exists no comprehensive state policy concerning the appropriate use of student fees and tuition; now therefore, be it

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the California Postsecondary Education Commission conduct a study of the impact of student charges on access to public postsecondary education, and be it further

Resolved, That the study include recommendations for state policy on these topics and others relevant to the discussion of student charges, including:

(1) The appropriate relationship between individual and public levels of financial support for postsecondary education.

(2) Which costs of university operations are appropriately borne by the students, and the proportion of the expenditures for these operations that should be financed by student charges.

(3) The impact of student charges upon each public postsecondary segment's ability to realize its role and mission in the California Master Plan for Higher Education.

(4) The appropriate distribution of student financial aid among all needy California postsecondary students; and be it further

Resolved, That the California Postsecondary Education Commission conduct this study with the advice and participation of: a student from each public postsecondary segment, appointed by the appropriate student organization; a representative from the administration of each of the segments, appointed by the chief executive of each of the segments; a faculty representative from each of the public postsecondary segments, appointed by the faculty governing body of each of the segments; and a representative from the Legislative Analyst, the Department of Finance, and the California Student Aid Commission; and be it further

Resolved, That the study be presented to the Governor and the Legislature by May 1, 1982.

Recommendations from the Commission's First Report in Response to ACR 81

1. To the extent that resources are available, and within the policies and procedures recommended in this report, the State and the segments should attempt to achieve the levels of student charges in constant dollars and the relationship of charges among the segments as these levels and differences existed in 1980-81.

2. If the choice facing the State is one of curtailing enrollments, inhibiting the ability of the State to provide the conditions under which quality can be fostered, or raising student charges, then charges should be raised and the State should provide sufficient financial aid to offset the increases in charges for students with demonstrated financial need.

3. The State should establish explicit policies for setting and adjusting student charges. Such policies should assume a continuing combination of State and student financing of public postsecondary education and should establish the basis on which adjustments in student charges will be made.

4. Student charges in the University and State University should be set and adjusted according to a reg-

ular process. The level of charges in each segment should be a percent of the average of the sum of State General Fund appropriations and property tax revenues for the previous three years for the support of full-time-equivalent students in public postsecondary education.

5. The State should establish explicit policies to assure a combination of State and student support of Community College programs that, to the extent possible, continue existing no-charge practices for students enrolled in courses and programs that have greatest State priority.

6. If the Legislature requires adjustment to Community College apportionments to generate savings to the State General Fund in 1982-83 and to avoid implementation of a permanent statewide fee policy in 1982-83:

a. State apportionments should be reduced by approximately $30 million to reflect expected savings from implementation of Recommendation 5.

b. State apportionments should be reduced by approximately $50 million as a one-time offset to be taken from district reserves under regulations to be developed by the Board of Governors.

c. The Legislature should not impose a charge on Community College students in 1982-83 unless required budgetary savings are greater than those achieved under this recommendation.

7. The State should provide financial assistance to qualified students whose ability to attend postsecondary institutions is jeopardized by increases in student charges. Such assistance should be provided through programs that assure equitable treatment of students with similar resources and needs.

8. Students throughout California should be treated similarly by State financial assistance policies regardless of the institutions which they attend, and the State should use a common and consistent methodology to assure equitable treatment.

9. Pending the Commission's recommendation on the use of revenues from student charges as requested by the Legislative Analyst, including analysis of restrictions on the use of charges and their use for student financial aid in the University, no changes should be made in the current uses of these revenues.

10. The Governor's Budget should (1) display in a single consolidated summary each year the current and proposed levels of charges for each segment, (2) explain the rationale for any proposed adjustments, and (3) show the current and anticipated funding for student financial aid from all major sources. The legislative fiscal subcommittees should review this information in the same form, examining all three public segments and the Student Aid Commission together during budget hearings. To the extent feasible, implications for the independent sector should be considered. The Legislative Analyst and the California Postsecondary Education Commission should provide comments to the Legislature on the levels of charges and financial aid proposed in the Governor's Budget.

Appendix C

Financial Aid Legislation Proposed During the 1985-1986 Session of the California Legislature

Note: Because bills are subject to amendment or change in the legislative process, this list summarizes the content of the following bills as of March 1986 but does not purport to be a complete report on the status of each proposal.

AB 393 (Farr) establishes the Doctoral Student Stipend Program to encourage California residents to acquire a doctorate in engineering or computer science and to teach in those fields in a California postsecondary institution.

AB 559 (W. Brown) makes changes in the Cal Grant A program to distribute awards to students based on need rather than on merit. The bill also adds four new positions to the Student Aid Commission, and alters procedures for the processing of student aid applications.

AB 756 (Hughes) assigns certain administrative and reporting duties to agencies that guarantee loans for students attending postsecondary educational institutions in California.

AB 1698 (Calderon) establishes the California Teachers of Tomorrow Program, and creates the California Future Teachers Scholarship Incentive Fund for students in teacher education program.

AB 2349 (Hughes) is the Comprehensive Teacher Recruitment Act of 1985, and provides for the operation of the California State Teacher Scholarship Program, the California Teacher Shortage Loan Assumption Program, and the Institute of Higher Education and Teacher Education Improvement. The bill also provides for the expansion of the Cal Grant programs to give special awards to students studying for teaching credentials.

AB 2352 (Hughes) allows Community College Board Financial Assistance Funds to be awarded without the requirement that other forms of State and federal student aid be applied for at the same time.

AB 2617 (Brown) increases the maximum Educational Opportunity Grant in the California State University from $1,000 to $2,000 per year.

AB 2621 (Hughes) establishes the Students for Literacy Program, a State-funded work-study program to bring eligible postsecondary students together with established library literacy programs to provide tutorial services.

AB 2931 (O'Connell) states the intent of the Legislature that as a matter of long-term policy, funds for all student financial aid be provided from sources other than student fees.

AB 3064 (Calderon) creates the California Teachers of Tomorrow Scholarship Fund, administered by the Student Aid Commission, to provide a maximum of $3,500 in scholarship credits to eligible high school students interested in a teaching career.

AB 3356 (Hughes) encourages the use of federal work-study funds to place students interested in teaching in school districts, and offers a 25 percent match in State funds to public institutions as an incentive for them to participate.

AB 3879 (Chacon) establishes a three-year Transfer Student Assistance Pilot Project to fund grants of up to $1,000 per EOPS (Extended Opportunity Programs and Services) transfer students to finance moving expenses to a University of California or California State University campus.

AB 4077 (Hayden) establishes the California Teacher Fellowship Corps, a combination of financial aid programs to be administered by the Student Aid Commission.

AB 4318 (Baker) allows the Student Aid Commission to increase from 500 to 700 the number of assumable student loans which could be funded in 1986-87 under the Assumption Program of Loans for Education.

ACR 58 (Vasconcellos) requests the Student Aid Commission to convene a task force on the simplification of its student financial aid application form.

ACR 133 (Hayden) requests public and private postsecondary educational institutions to study student loan debt and default tendencies in their institutions and to report their findings to the Student Aid Commission.

SB 193 (Rosenthal) allows institutions accredited by the National Architectural Accrediting Board to be eligible to participate in the State Graduate Fellowship Program.

SB 362 (Carpenter) directs the Postsecondary Education Commission, in cooperation with the Student Aid Commission, to develop criteria for institutional eligibility for participation in the Cal Grant programs that are alternatives to those required under current law.

SB 417 (Hart) creates a State-funded work/study program to offer needy college students the opportunity to earn money to help defray their educational costs while gaining valuable experience in educationally beneficial or career-related employment.

SB 879 (Montoya) establishes a California Health Service Corps Scholarship Program to assist students preparing to become health professionals in health-manpower-shortage areas.

SB 1208 (Hart) makes changes in the Assumption Program of Loans for Education, a program that provides for the assumption of student financial aid loans by the State for students going into teaching.

SB 1963 (Watson) establishes a postsecondary scholarship program for the children of public school teachers who plan to enter the teaching profession.

Appendix D

Statistical Tables

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DISPLAY 25 *Student Financial Aid in California by Type, Source, and Segment, for Academic Year 1973-74, in Thousands of Dollars*

Segment	Type of Aid	Source of Aid: State	Federal	Institutional	Other	Total
California Community Colleges	Grant Aid	$5,436	$63,961			$69,397
		100.0%	*83.7%*			*78.6%*
	Work Aid		$8,615	$4,249		$12,864
			11.3%	*100.0%*		*14.6%*
	Loan Aid		$3,797		$2,204	$6,001
			5.0%		*100.0%*	*6.8%*
	Total Aid	$5,436	$76,373	$4,249	$2,204	$88,262
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
The California State University	Grant Aid	$5,199	$68,922			$74,121
		100.0%	*79.9%*			*63.3%*
	Work Aid		$5,086	$6,551	490	$12,127
			5.9%	*83.0%*	*2.7%*	*10.4%*
	Loan Aid		$12,207	$1,337	$17,329	$30,873
			14.2%	*16.9%*	*97.3%*	*26.3%*
	Total Aid	$5,199	$86,215	$7,888	$17,819	$117,121
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
University of California	Grant Aid	$6,079	$13,912	$23,056	$4,360	$47,407
		100%	*48.7%*	*80.0%*	*30.0%*	*60.8%*
	Work Aid		$4,770	$1,405		$6,175
			16.7%	*4.9%*		*7.9%*
	Loan Aid		$9,881	$4,377	$10,186	$24,444
			34.6%	*15.2%*	*70.0%*	*31.3%*
	Total Aid	$6,079	$28,563	$28,838	$14,546	$78,026
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Independent Colleges and Universities	Grant Aid	$21,245	$29,358	$24,145	$3,523	$78,271
		100.0%	*38.6%*	*89.8%*	*79.8%*	*60.9%*
	Work Aid		$8,728			$8,728
			11.5%			*6.8%*
	Loan Aid		$37,959	$2,743	$894	$41,596
			49.9%	*10.2%*	*20.2%*	*32.3%*
	Total Aid	$21,245	$76,045	$26,888	$4,417	$128,595
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Proprietary Institutions	Grant Aid	$267				$267
		100.0%				*100.0%*
	Total Aid	$267				$267
		100.0%				*100.0%*
All Segments	Grant Aid	$38,226	$176,153	$47,201	$7,883	$269,463
		100.0%	*65.9%*	*69.8%*	*20.2%*	*65.4%*
	Work Aid		$27,199	$12,205	490	$39,894
			10.2%	*18.0%*	*1.3%*	*9.7%*
	Loan Aid		$63,844	$8,457	$30,613	$102,914
			23.9%	*12.5%*	*78.5%*	*25.0%*
	Total Aid	$38,226	$267,196	$67,630	$38,986	$412,271
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Note: EOP/S grant awards are included in State-funded grant aid totals. Veterans benefits are included in the grant aid figures for all segments except the University of California; these benefits total $151,347,000, or 86 percent of all federal grant aid. Social Security education benefits are not included. Independent college and university figures were estimated by the California State Scholarship and Loan Commission.

Source: "Higher Education Student Assistance" tables in the 1975-76 Governor's Budget, as corrected by the segmental offices.

DISPLAY 26 *Student Financial Aid in California by Type, Source, and Segment, for Academic Year 1984-85, in Thousands of Dollars*

Segment	Type of Aid	Source of Aid: State	Federal	Institutional	Other	Total
California Community Colleges	Grant Aid	$21,371	$65,829	$2,107	$2,057	$91,364
		93.0%	*80.6%*	*11.5%*	*2.9%*	*47.2%*
	Work Aid	$1,558[1]	$12,678	$15,131	$3,737	$33,104
		6.8%	*15.5%*	*82.6%*	*5.3%*	*17.2%*
	Loan Aid	$53	$3,206	$1,083	$64,883	$69,225
		0.2%	*3.9%*	*5.9%*	*91.8%*	*35.7%*
	Total Aid	$22,982	$81,713	$18,321	$70,677	$193,693
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
The California State University	Grant Aid	$34,062	$56,574	$4,870	$8,020	$103,526
		100.0%	*74.3%*	*27.0%*	*6.8%*	*41.9%*
	Work Aid		$8,550	$11,769	$682	$21,001
			11.2%	*65.3%*	*0.6%*	*8.5%*
	Loan Aid		$10,958	$1,372	$110,090	$122,420
			14.4%	*7.6%*	*92.6%*	*49.6%*
	Total Aid	$34,062	$76,082	$18,011	$118,792	$246,947
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
University of California	Grant Aid	$18,524	$43,224	$69,584	$12,311	$143,643
		100.0%	*63.0%*	*83.4%*	*12.8%*	*53.8%*
	Work Aid		$7,595	$4,115		$11,710
			11.1%	*4.9%*		*4.9%*
	Loan Aid		$17,745	$9,768	$84,002	$111,515
			25.9%	*11.7%*	*87.2%*	*41.8%*
	Total Aid	$18,524	$68,564	$83,467	$96,313	$266,868
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Independent Colleges and Universities	Grant Aid	$49,543	$35,400	$159,320		$244,263
		100.0%	*54.0%*	*85.9%*		*50.1%*
	Work Aid		$12,400	$15,340		$27,740
			18.9%	*8.3%*		*5.7%*
	Loan Aid		$17,757	$10,861	$187,130	$215,748
			27.1%	*5.9%*	*100.0%*	*44.2%*
	Total Aid	$49,543	$65,557	$185,521	$187,130	$487,751
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Proprietary Institutions	Grant Aid	$6,586	$69,985[2]			$76,571
		100.0%	*93.3%*			*31.5%*
	Work Aid		$1,338[2]	$335		$1,673
			1.8%	*45.1%*		*0.7%*
	Loan Aid		$3,665[2]	$407	$160,730	$164,802
			4.9%	*54.9%*	*100.0%*	*67.8%*
	Total Aid	$6,586	$74,988[2]	$742	$160,730	$243,046
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*
All Segments	Grant Aid	$130,086	$271,012	$235,881	$22,388	$659,367
		98.8%	*73.9%*	*77.1%*	*3.5%*	*45.8%*
	Work Aid	$1,558	$42,561	$46,690	$4,419	$95,228
		1.2%	*11.6%*	*15.3%*	*7.0%*	*6.6%*
	Loan Aid	$53	$53,331	$23,491	$606,835	$683,710
		*	*14.5%*	*7.7%*	*95.8%*	*47.5%*
	Total Aid	131,697	$366,904	$306,062	$633,642	$1,438,305
		100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Note: SSIG funds are shown as federal funds. Guaranteed Student Loan Funds are "other."

1. State-funded work and loan aid for the Community Colleges are EOPS expenditures.
2. Federal grant, loan, and work aid for proprietary institutions are 1983-84 amounts; 1984-85 levels are unavailable.

* Less than 0.5 percent.

Source: "Higher Education Student Assistance Table," as prepared for the *Analysis of the Budget Bill, 1984-85*.

DISPLAY 27 Distribution of Funds for Student Financial Aid in California, 1973-74 and 1984-85

	1973-74	1984-85
SEGMENT OF STUDENT ATTENDANCE (All Sources of Revenue and Types of Awards)		
California Community Colleges	21.4%	13.5%
The California State University	28.4	17.2
University of California	18.9	18.6
Independent Colleges and Universities	31.2	33.4
Proprietary Institutions	*	16.9
SOURCE OF REVENUE (All Types of Awards)		
State Aid	9.3%	9.1%
Federal Aid	64.8	25.5
Institutional Aid	16.4	21.3
Private/Other Aid	9.4	44.1
TYPE OF AWARD (All Institutions and Sources of Revenue)		
Grant Aid	65.4%	45.8%
Work Aid	9.7	6.6
Loan Aid	24.9	47.5
RECIPIENTS OF GRANT AID BY SOURCE OF REVENUE AND SEGMENT OF STUDENT ATTENDANCE		
Federal Grant Aid — California Community Colleges	36.3%	24.2%
The California State University	39.1	20.9
University of California	7.9	15.9
Independent Colleges and Universities	16.7	13.1
Proprietary Institutions	0.0	25.8
State Grant Aid — California Community Colleges	14.2%	16.4%
The California State University	13.6	26.2
University of California	15.9	14.2
Independent Colleges and Universities	55.6	38.1
Proprietary Institutions	*	5.0
Institutional Grant Aid — California Community Colleges	0.0%	0.8%
The California State University	0.0	2.1
University of California	48.8	29.5
Independent Colleges and Universities	51.1	67.5
Proprietary Institutions	0.0	0.0
All Sources of Grant Aid — California Community Colleges	25.8%	13.9%
The California State University	27.5	15.7
University of California	17.6	21.8
Independent Colleges and Universities	29.0	37.0
Proprietary Institutions	*	11.6
RECIPIENTS OF LOAN AID BY SEGMENT OF STUDENT ATTENDANCE (All Sources of Revenue.)		
California Community Colleges	5.9%	10.1%
The California State University	30.2	17.9
University of California	23.2	16.3
Independent Colleges and Universities	40.7	31.5
Proprietary Institutions	0.0	24.1
RECIPIENTS OF WORK AID BY SEGMENT OF STUDENT ATTENDANCE (All Sources of Revenue)		
California Community Colleges	32.2%	34.9%
The California State University	30.4	22.1
University of California	15.5	12.3
Independent Colleges and Universities	21.9	29.1
Proprietary Institutions	0.0	1.8

* Less than 0.5% percent.

Source: Displays 13 and 14, on page 23.

DISPLAY 28 All State-Funded Student Aid Programs by Program and Segment of Attendance, 1973-74 to 1984-85

Program	1973-74 Number of Recipients	1973-74 Amount Awarded (in 000s)	1984-85 Number of Recipients	1984-85 Amount Awarded (in 000s)
Cal Grant A				
The California State University	5,211	$ 840	11,286	$ 3,378
University of California	9,520	5,236	14,412	13,447
Independent Colleges and Universities	12,573	22,430	13,287	48,038
Proprietary Institutions	-	-	1,181	4,477
Total, Cal Grant A	27,304	$28,506	40,166	$69,340
Cal Grant B				
California Community Colleges	1,908	$ 1,672	8,791	$ 9,241
The California State University	1,157	1,154	6,906	8,893
University of California	905	1,193	3,545	6,326
Independent Colleges and Universities	791	1,881	1,460	4,660
Proprietary Institutions	-	-	288	731
Total, Cal Grant B	4,761	$ 5,900	20,990	$29,851
Cal Grant C				
California Community Colleges	307	$ 117	1,220	$ 618
The California State University	0	0	2	2
Independent Colleges and Universities	25	47	166	393
Proprietary Institutions	168	271	902	2,178
Total, Cal Grant C	500	$ 435	2,290	$ 3,191
Graduate Fellowships				
The California State University	38	$ 6	75	$ 23
University of California	306	212	386	377
Independent Colleges and Universities	294	826	389	2,190
Total, Graduate Fellowships	638	$ 1,044	850	$ 2,590
Bilingual Teacher Training				
California Community Colleges	-	-	152	$ 443
The California State University	-	-	676	2,300
University of California	-	-	65	240
Independent Colleges and Universities	-	-	105	395
Total, Bilingual Teacher Training	-	-	998	$ 3,378

(continued)

DISPLAY 28 (continued)

Program	1973-74 Number of Recipients	1973-74 Amount Awarded (in 000s)	1984-85 Number of Recipients	1984-85 Amount Awarded (in 000s)
SUB-TOTAL, Student Aid Commission Administered Programs				
California Community Colleges	2,215	$ 1,789	10,163	$ 10,302
The California State University	6,406	2,000	18,945	14,596
University of California	10,731	6,641	18,408	20,390
Independent Colleges and Universities	13,683	25,184	15,407	55,676
Proprietary Institutions	168	271	2,371	7,386
Total, SAC Programs	33,203	$ 35,885	65,294	$ 108,350
EOP/EOPS				
California Community Colleges	12,000	$ 3,764	21,000	$ 8,901
The California State University	9,534	3,199	9,956	7,113
Total, EOP/EOPS	21,534	$ 6,963	30,956	$ 16,014
Other State Aid Programs				
Board Financial Assistance Program		0	N.A.	$ 4,944
State University Grants	0	0	37,143	12,353
TOTAL, All State Aid Programs by Segment of Student Attendance				
California Community Colleges	14,215	$ 5,553	31,163	$ 24,147
The California State University	15,940	5,199	66,044	34,062
University of California	10,731	6,641	18,408	20,390
Independent Colleges and Universities	13,683	25,184	15,407	55,676
Proprietary Institutions	168	271	2,371	7,386
GRAND TOTAL, ALL STATE AID	54,737	$42,848	133,393	$141,661

Note: SSIG funds are included in award totals, and hence these figures are different from those in Displays 13 and 14 on page 23, where SSIG funds are included in federal expenditure totals.

Source: California Student Aid Commission November Budget for 1986-87, as corrected.

DISPLAY 29 Participation in All State-Funded Student Aid Grant Programs by Segment, 1973-74 and 1984-85

Segment	1973-74 Amount Awarded (in 000s)	1973-74 Percentage Share	1984-85 Amount Awarded (in 000s)	1984-85 Percentage Share	Change Percentage Increase	Change Percentage Point Change
California Community Colleges	$ 5,553	13.0%	$ 24,147	17.0%	+340%	+ 4.0%
The California State University	5,199	12.1	34,062	24.0	+555	+11.9
University of California	6,641	15.4	20,390	14.4	+207	- 1.0
Independent Institutions	25,184	58.8	55,676	39.3	+121	- 19.5
All Segments	$ 42,848	100%	$ 141,661	100%	+231%	N.A.

Note: Includes all programs administered by the Student Aid Commission, EOP/S financial aid awards, Board Financial Assistance Program, and State University Grant program.

Source: Displays 25 and 26, Appendix D.

DISPLAY 30 State-Funded Student Aid Programs by Program, in Thousands of Dollars, 1973-74 to 1984-85

Program		1973-74	1984-85	Percentage Point Change
Cal Grant A	Amount	$28,506	$69,340	
	Share of State Aid	*66.6%*	*48.9%*	*- 17.7%*
Cal Grant B	Amount	$5,900	$29,851	
	Share of State Aid	*13.8%*	*21.1%*	*+ 7.3*
Cal Grant C	Amount	$435	$3,191	
	Share of State Aid	*1.0%*	*2.2%*	*+1.2*
Graduate Fellowships	Amount	$1,044	$2,590	
	Share of State Aid	*2.4%*	*1.8%*	*- 0.6*
Bilingual Teacher Training	Amount	0	*$3,378*	
	Share of State Aid	*0*	*2.4%*	*+ 2.4*
EOP/EOPS	Amount	$6,963	$16,014	
	Share of State Aid	*16.3%*	*11.3%*	*- 3.0*
Board Financial Assistance Program	Amount	0	$4,944	
	Share of State Aid	*0%*	*3.4%*	*+ 3.4*
State University Grant Program	Amount	0	$12,353	
	Share of State Aid	*0%*	*8.7%*	*+ 8.7*
TOTAL	Amount	$42,848	$141,661	
	Share of State Aid	*100%*	*100%*	*0*

Source: Displays 25 and 26, Appendix D.

DISPLAY 31 Graduate Student Support by Field of Study in 1984-85 and Type of Support (Dollars in Thousands)

Type of Support	Academic Degree Program	Professional Degree Program							Unknown Field of Study	Total
		Medicine	Other Health Profession[1]	Computer Science	Education	Engineering	Law	Other Profession[2]		
Fellowships/ Scholarships										
Number	5,635	973	738	26	108	335	571	896	436	9,718
Dollar	$23,358	$2,176	$1,819	$148	$202	$1,429	$961	$2,194	$900	$33,187
Grants										
Number	8,156	931	763	37	247	540	797	1,155	379	13,005
Dollar	$16,911	$1,648	$1,539	$68	$527	$1,407	$1,411	$2,207	$590	$26,308
Loans										
Number	4,609	1,673	1,321	23	394	283	1,333	1,596	217	11,449
Dollar	$17,795	$11,409	$7,424	$88	$1,599	$1,058	$7,104	$7,383	$561	$54,421
Work-Study										
Number	1,627	49	146	6	122	84	175	627	79	2,915
Dollar	$2,324	$57	$197	$8	$130	$80	$227	$683	$45	$3,751
TA Earnings										
Number	7,773	6	45	62	36	429	20	198	376	8,945
Dollar	$43,574	$11	$166	$332	$127	$1,953	$76	$698	$917	$47,854
RA Earnings										
Number	7,109	34	107	32	54	535	56	268	545	8,740
Dollar	$33,697	$103	$408	$110	$148	$2,859	$49	$470	$1,548	$39,392

1. Includes dentistry, nursing, optometry, pharmacy, veterinary medicine, etc.

2. Includes business administration, journalism, library science, public health, social work, etc.

Source: Financial Aid and Loan Collection, University of California, March 11, 1986.

DISPLAY 22: CSU Graduate Student Support by Field of Study in 1984-85

Type of Support	Academic: Degree Program	Academic: Reserve	Other Health Professions	Computer Science	Education	Engineering	Law	Other Professions	Unknown Field of Study	Total
Undupicated Number of Students										
Number	2,173	0	65	104	1,065	241	0	1,457	462	5,526
Fellowships										
Number	13	0	0	1	2	1	0	7	1	25
Dollar	$3,868	0	0	$276	$616	$295	0	$1,921	$299	$7,275
Grants										
Number	900	0	14	26	279	58	0	378	92	1,647
Dollar	$287,770	0	$4,950	$8,362	$104,191	$21,293	0	$138,776	$32,743	$598,085
Loans										
Number	1,882	0	52	90	905	213	0	1,335	434	4,911
Dollar	$7,545,053	0	$199,146	$368,061	$3,764,327	$882,266	0	$5,864,255	$1,330,722	$19,953,830
Work-Study										
Number	223	0	3	7	74	13	0	65	21	406
Dollar	$408,551	0	$4,386	$7,074	$137,814	$29,433	0	$119,122	$31,542	$737,922
Other Aid										
Number	388	0	39	18	141	29	0	202	30	847
Dollar	$406,140	0	$67,928	$26,259	$213,430	$55,371	0	$312,867	$48,312	$1,130,307

Source: The California State University 1984-85 Student Aid Data Base, Educational Support Services and Institutional Relations, May 12, 1986.

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission

The Commission consists of 15 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. The other six represent the major segments of postsecondary education in California.

As of 1986, the Commissioners representing the general public are:

Seth P. Brunner, Sacramento, *Chairperson*
C. Thomas Dean, Long Beach
Seymour M. Farber, M.D., San Francisco
Patricia Gandara, Sacramento
Ralph J. Kaplan, Los Angeles
Roger C. Pettitt, Los Angeles
Sharon N. Skog, Mountain View
Thomas E. Stang, Los Angeles, *Vice Chairperson*
Stephen P. Teale, M.D., Modesto

Representatives of the segments are:

Sheldon W. Andelson, Los Angeles; representing the Regents of the University of California

Claudia H. Hampton, Los Angeles; representing the Trustees of the California State University

Beverly Benedict Thomas, Los Angeles; representing the Board of Governors of the California Community Colleges

Jean M. Leonard, San Mateo; representing California's independent colleges and universities

Willa Dean Lyon, Newport Beach; representing the Chairman of the Council for Private Postsecondary Educational Institutions

Angie Papadakis, Palos Verdes; representing the California State Board of Education

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including Community Colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory planning and coordinating body, the Commission does not administer or govern any institutions, nor does it approve, authorize, or accredit any of them. Instead, it cooperates with other state agencies and non-governmental groups that perform these functions, while operating as an independent board with its own staff and its own specific duties of evaluation, coordination, and planning.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, the Commission's meetings are open to the public. Requests to address the Commission may be made by writing the Commission in advance or by submitting a request prior to the start of a meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its director, who is appointed by the Commission. On August 1, 1986, William H. Pickens assumed the directorship from Patrick M. Callan.

The Commission issues some 30 to 40 reports each year on major issues confronting California postsecondary education. Recent reports are listed on the back cover.

Further information about the Commission, its meetings, its staff, and its publications may be obtained from the Commission offices at 1020 Twelfth Street, Third Floor, Sacramento, CA 98514; telephone (916) 445-7933.

One of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814; telephone (916) 445-7933.

Other recent reports of the Commission include:

86-4 Expanding Educational Equity in California's Schools and Colleges: Recommendations of the Intersegmental Policy Task Force on Assembly Concurrent Resolution 83 (March 1986)

86-5 Background for Expanding Educational Equity: A Technical Supplement to the Report of the Intersegmental Policy Task Force on Assembly Concurrent Resolution 83, *Expanding Educational Equity in California's Schools and Colleges* (March 1986)

86-6 Director's Report, March 1986: Overview of the 1986-87 Governor's Budget for Postsecondary Education in California (March 1986)

86-7 Standardized Tests Used for Higher Education Admission and Placement in California: A Report Published in Accordance with Senate Bill 1758 (Chapter 1505, Statutes of 1984) (March 1986)

86-8 Feasibility Plan for a Comprehensive Student Information Study: A Report to the Legislature and Governor in Response to Assembly Bill 880 (1984) (March 1986)

86-9 The Need for Statewide Long-Range Capital Outlay Planning in California: An Issue Paper Prepared for the California Postsecondary Education Commission by Frank M. Bowen. (March 1986)

86-10 High School-College Relations in California and The Articulation Council: A Report to the California Postsecondary Education Commission by William Chance (April 1986)

86-11 Update of Community College Transfer Student Statistics, University of California and the California State University, Fall 1985 (April 1986)

86-12 Time and Territory: Phase II. A Report to the Legislature in Response to Supplemental Language in the 1985-86 Budget Act. (April 1986; see 86-2 for the first of these two related reports)

86-13 Progress in Facilitating the Transfer of Community College EOPS Students: A Report to the Legislature and Governor in Response to Assembly Bill 1114 (Chapter 1586, Statutes of 1985) (April 1986)

86-14 A Permanent Site for Los Angeles Mission College: A Report to the Legislature and Governor in Response to a Request for Capital Funds from the Los Angeles Community College District. (April 1986)

86-16 Purposes and Effects of Student Financial Aid: The Second of Two Background Papers on Student Financial Aids Issues and Options Prepared for the California Postsecondary Education Commission, May 1986 (May 1986)

86-17 Director's Report, May 1986: Enrollment Trends in California Higher Education, 1980-1985 (May 1986)

86-18 Director's Report, June 1986: The Master Plan After Twenty-Five Years. (June 1986)

86-19 Analysis of the State University's Criteria for Approving Permanent Upper-Division and Graduate Off-Campus Centers: A Report to the Governor and Legislature in Response to Senate Bills 785, 1060, and 1103 (1985) (June 1986)

86-20 Annual Report on Program Review Activities 1984-85: The Tenth in a Series of Reports to the Legislature and Governor on Program Review by Commission Staff and California's Public Colleges and Universities (June 1986)

86-21 Eligibility for Institutional Participation in the Cal Grant Program: A Report to the Legislature and Governor in Response to Senate Bill 362 (Chapter 772, Statutes of 1985) (June 1986)

86-22 Transforming Data into Information: Improving Student Performance Reporting: A Staff Report to the California Postsecondary Education Commission (June 1986)